

# Content Analysis of Corporate Social Responsibility (CSR) Activities of Companies Listed in Indonesia Stock Exchange

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**Abstract:** Corporate social responsibilities (CSR) gained intensive attention as indicated by massive appreciations given to companies that have a high commitment to CSR activities. The Government also strived to arrange regulation for corporates that operate in Indonesia, as stated in Corporate Laws No. 20 the year 2007. The Government also regulated the allocation of 2%, 2.5% or 3% of companies' profit is compulsory to support the CSR programs. This research strived to find the implementation of CSR activities among companies in some industry classification listed in the Indonesia Stock Exchange in the year 2018. By observing 595 annual reports of listed companies with content analysis, this study found that companies focused more on corporate governance; employee growth; and scientific responsibility management system. The less attractive dimension of CSR is tax contributions; energy saving and carbon reduction; and environmental management and protection. Further examination within industry classifications revealed that companies that operate in agriculture; mining; and consumer goods ranked the top on CSR. This implied that companies have a high interest in charity and building a firm-employee relationship. This study also found that CSR activities of state-owned enterprises were significantly outperformed the private-owned enterprises in major dimensions of CSR.

## 1 INTRODUCTION

Corporate Social Responsibility Activities (CSR) gain serious attention among practitioners. External parties for instance business media appreciate companies that conduct CSR. The Government proposes a draft bill for Corporation that operates in and/or related to natural resources are required to conduct CSR programs (as stated in Corporate Law No. 40 the Year 2007). Furthermore, the draft bill enacted that companies are obligated to allocate 2%; 2.5%; or 3% of its net profit for CSR fund. This draft bill later is modified to Draft Bill of Social Worker. Nevertheless, a considerable amount of business media release an award for firms that focus on CSR. As a matter of fact, in 2018 an award was given to 61 CEOs who had priority on CSR activities. Later, the existing draft bill turned into the draft bill of the social worker. According to CSR disclosure of publicly held firms in Indonesia, our observation on CSR score among firms in 2018 describe that the focus lies in corporate governance and employee growth. The data is exhibited in table 1. This means that the orientation of CSR is not consistent with the reason for firms'

operational in natural resources. Corporations should focus on environmental and energy savings issues. Later on, the name of the draft bill of social workers tended to put on the responsibility of social works to companies. Meanwhile, companies have implemented an obligation in terms of income tax. If the government enacted such regulation then what was the purpose of paying taxes? The government should also regulate the implementation mechanisms of CSR, not only the profit allocation.

The implementation of CSR has been widely conducted by all companies specifically public companies. The trigger of this implementation is government regulation. The government considered that companies that explored and exploited natural resources for obtaining profits to its institution must conduct corporate social responsibilities. As responsible corporates, they tend to give back the money to society or the environment they involved in. In China, the existence of industries brings impact to pollution from energy consumption. The solution to this issue is by reducing pollution, and this achievement is possible if collaboration between governments, corporations, scholars, and society are

strong (Wu and Hu, 2019). In Europe, CSR is considered an integral part of a community or environmental problem, and it also is a philanthropic action in the USA. Meanwhile, in China companies that have a plan to compete in the global market should consider CSR activities. This was due to investors' valuation reflected in stock price movements (Kuo, Yeh and Yu, 2012).

Table 1: Average CSR Score of Publicly Held Companies in Indonesia in 2018.

Subcategories of CSR	CSR Score
Corporate Governance (CG)	2.14
Employee Growth (EG)	2.13
Environmental Management and Protection (EMP)	1.11
Energy Saving and Reduction (ESR)	0.87
Sustainable Development (SD)	1.42
Product Quality Control (PQC)	1.30
Protection of Consumer Equity (PCE)	1.01
Supply Chain Partnership (SCP)	0.90
Promotion of Indonesia's technological Development (PITD)	0.93
Tax Contribution (TC)	0.33
Scientific Responsibility Management System (SRMS)	1.46
Sound Corporate Image (SC)	1.35

The studies of CSR in Indonesia focus on the impact of CSR on corporate value and risk. Research has focused on the debate between positive and negative viewpoints of CSR. Some studies support companies that practice CSR. Customers' trust toward CSR programs is the main point of whether CSR programs work or do not work. CSR activities work when they obtain trust in the mind of customers. It does not work when it can not obtain the trust of customers. Trusting customers leads to a higher relative attitude and intention toward the brand/company with CSR programs than nontrusting customers. The implication of this study is that marketers should pay more attention to showing and communicating to customers and the public about the company's concern over environment and safety. Furthermore, companies also are encouraged to report and evaluate CSR programs transparently and

periodically and maintaining a good reputation for gaining customers' trust toward CSR activities (Darsono, 2009).

Previous research provides different hypotheses regarding this issue, for instance, the trade-off hypothesis; managerial opportunism hypothesis; good management hypothesis; and slack resource hypothesis. A State-owned enterprise is prone to encounter a trade-off hypothesis and managerial opportunism hypothesis. Thus, the negative impact of CSR practices experienced by government-owned enterprises. Meanwhile, private owned companies gained a positive impact from CSR activities according to good management hypothesis. Managerial opportunism hypothesis argued that conflict between manager and principal occurs in companies that practice CSR because managers might excessively invest in slack resources (Tan and Peng, 2010). There is limited research conducted in emerging markets about CSR practices and disclosure by using content analysis. The majority of studies focused on marketing and legal perspective of CSR practices and regulation.

This study strives to examine the practice of CSR in public companies listed on the Indonesia stock exchange. This research has two purposes: (1) to observe the dimension of content analysis from CSR practices published in CSR disclosure. (2) to examine the difference between state-owned enterprises and private-owned enterprises in each dimension of content analysis. This study contributes to the literature of CSR in terms of corporate focus in CSR practices mainly in developing countries. According to the impact of companies that explore and exploit natural resources, the main activities of CSR should be in environmental management and energy saving. This study also will shed light on the implementation of government regulation in state-owned and private-owned enterprises. This research comprises of four sections, section one provides an introduction. Section two describes the literature review, and section three explains the research method, and section four concludes the study.

## 2 LITERATURE REVIEW

CSR is conducted to build trust and social capital. (Starks, 2009) defines CSR as:

“Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their

lives in ways that are good for business and for development.”.

CSR has been known to give a positive impact on company performance. In developing countries, CSR is perceived as one important factor that attracts international investors and believed to be one of the important factors that provide access to the global market (Kuo, Yeh and Yu, 2012). Another study argued that CSR grows rapidly because it is used as an effort to ensure the effectiveness of corporate governance. Friedman (1970) in (Jo and Harjoto, 2011) initially explained the CSR concept. CSR is an effort to build a business in line with the shareholders' desire that generally strives to create as much profit as possible that also conform with the regulation in society embedded in constitution and ethic.

## 2.1 CSR Implementation

There is a difference in CSR implementation in developing countries and developed countries. The implementation of CSR in the USA is considered a part of philanthropy and in Europe is an integral part of the community. Another driven factors of CSR activities are internal and external factors. Internal factors: economic reform; extensive development method characterized by high input, energy consumption, and pollution that harms the environment (Kuo, Yeh and Yu, 2012).

In European Union countries there is an activation of the European Modernization Directive that obligates the member countries to create legislation of employee and environmental activities. The pressures also stem from investment rating systems, and NGOs and environmental activists. Lately, the implementation is conducted as a tool to improve stakeholders' management or public relations and good reputation of companies (Gao, 2011). CSR reports of construction firms in European countries ranked the top and the US ranked second, and Asia was the following third rank (Liao *et al.*, 2017). This indicates that western countries have established the best practice of CSR.

The implementation of CSR in Asia is followed by globalization (Gao, 2011). The globalization is measured by the level of foreign direct investment in a country. At the firm level, there is a strong relationship between international exposure such as international sales or foreign ownership and CSR activities. CSR in Asia is focused on community involvement and followed by production processes and employee relations.

CSR practices in emerging economies are still debatable issues because the engagement in such an issue was demanded a substantial amount of money and resources that lead to a lower profit (Wan Ahamed, Almsafir and Al-Smadi, 2014). Furthermore being profitable is rather more important than being socially responsible. Most firms in developing countries practice CSR for legislation requirements and reputation improvement. In emerging economies, evidence was found that not all emerging economy companies that facing uncertainty are likely to imitate the CSR decisions of first-mover firms or able to generate strategic advantages of CSR practices.

## 2.2 CSR in Indonesia

The reason for CSR implementation in Indonesia is because of the regulation. The pressures come from the government that gave the obligation to companies that operate in natural resources and environment to conduct CSR that has stated in Government Regulation (PP) No.47 Year 2012. Later, the government plan to create a regulation that requires a company to allocate 2%, 2,5% or 3% of its profit.

Prior to 2007, many social norms regulated work safety, labor rights, limited welfare, environmental protection, and consumer protection. But rather this regulation was followed by weak law enforcement. There was a conflict between economic interest and stakeholder protection on issues such as labor protection and environmental management. The Government offered several benefits for companies for instance lower tax rate and lower environmental standards. This was for attracting foreign direct investment. Not surprisingly, MNCs had the best regulatory practices. Only multinational or large corporations that conduct CSR (Rinwigati and Waagstein, 2011). Local or small companies still considered that CSR was a foreign concept. Wowoho (2009) argued that CSR activities of companies in Indonesia focused on issues for example charity, education, research, health, and natural disaster assistance. Very few cases put attention on the environment, security, human rights, and other social matters (Maemunah, 2007).

Later after the enactment of Corporate Law in 2007 that regulates CSR, questions arose. Whether Indonesian companies held more burden on this issue? There were two perspectives. First, if the CSR practices are part of obeying government regulation firms should be willing to accept decreasing profits. Second, if companies concentrated on costly and destructive actions to achieve profits (for instance

competition; product quality; employee safety; and environment) then by being socially responsible would be considered by managers and directors as an investment (Rinwigati and Waagstein, 2011).

In Indonesia, CSR practices will contribute to companies' good reputation if the customer had trust in CSR programs. Several issues on CSR programs are most important to gain trust from customers, for instance, concern on products and services safety, the efforts to reduce environmental hazards, and the company reputation as a "good" company (Darsono, 2009). According to an observation of companies' websites in seven countries, the researcher found that Indonesia's CSR companies reached 24% among the top 50 companies (Chapple and Moon, 2005). The research also found in 24% of those CSR companies, 72.7% had minimal; 9.1% medium; and 18.2% extensive CSR reportings. Minimal means the report consists of only one to two pages, meanwhile medium comprised of three to ten pages. Extensive category contained more than ten pages of CSR reports. They also found that each 27.3% of the surveyed companies focused on community involvement, production process, and employee relations.

The CSR practices should be followed by trust toward CSR programs in Indonesia (Darsono, 2009). Marketers must pay more attention to:

- Showing and communicating to the customers and public about the company concern over environment and safety;
- Reporting and evaluating CSR programs transparently and periodically;
- Maintain and develop the company's good reputation.

## 2.3 Private and State-Owned Enterprise CSR Implementation

In countries where the government requires corporations to contribute to a better society, companies gained the reward from investors when they commit to CSR and comply with new CSR standards (Arya and Zhang, 2009).

### 2.3.1 CSR Implementation of Private Owned Enterprises (POE)

Private owned enterprise has specific objectives set by shareholders. Managers serve the interest of shareholders in terms of profit. Profit maximization is still important, meanwhile, a good reputation should not be ignored. Private owned enterprises face more competition and financial distress than State-owned enterprises. Therefore they had to maintain a close

relationship with supply chain partners to gain high-quality material and lower prices of raw material, thus improve competitiveness. CSR disclosure of private-owned enterprises better in supply chain partnership (Kao *et al.*, 2018).

Private owned enterprises specifically with foreign ownership or multinational corporations were the first to engage and acknowledge the implementation of CSR prior to the enactment of CSR regulation in 2007. This policy was driven by its headquarters and pressures from society. Companies that bring CSR into practice are the ones operating in a more highly developed sector, for instance, natural resources exploitation or exploration and manufacturing industry. These sectors are exposed to higher-profile lawsuits and cases (Rinwigati and Waagstein, 2011).

### 2.3.2 CSR Implementation of State-Owned Enterprises (SOE)

State-owned enterprise (SOE) was designed to have a purpose in line with government goals. In SOEs, the board of directors was selected by a political decision from the Ministry of SOEs and other political powers. In China, self-interested politicians tend to obtain benefits of political control over SOEs. The Government encountered dual roles of the administrator of social affairs and the owner of SOEs. As controlling shareholders government supposed to benefit from value maximization. In another case, the authoritative government might enhance political capital and promotion by promoting activities in regional development, fiscal health, social stability, through their involvement in SOEs. Thus, the government played a role in political and social objectives. Government connections in corporations lead to extracting resources for both social and political interests (Chen *et al.*, 2011).

A study in China that strived to find the role of SOEs in CSR engagement. There was evidence that State-owned enterprise (SOE) has significantly superior performance in environmental management, promotion of China's technological development, and tax contribution (Kuo, Yeh and Yu, 2012). The Government appointed managers at the SOEs in China to comply with political power and survival (Kao *et al.*, 2018). In Indonesia, the government still intervenes corporate policies. Thus, this study hypothesized that there is a significant difference between SOEs and POEs CSR practices.

### 3 RESEARCH METHODS

#### 3.1 Sample

The selected sample of this study comprised of 595 publicly held companies listed in Indonesia Stock Exchange. The CSR disclosures originated from annual reports published in Indonesia Stock Exchange during the year 2018. Actually, this study employed a cross-sectional data to capture the behavior of corporations that engaged in CSR programs. Then this research split the sample into two categories, state-owned enterprise, and private-owned enterprise. That process resulted in 14 or 2,35% state-owned enterprises (SOEs) and or 581 or 97,65% private-owned enterprise (POEs).

#### 3.2 Content Analysis

Content analysis is considered as a systematic and objective technique that enables a researcher to transform qualitative and text reports into the quantitative analysis (Kao *et al.*, 2018). Initially, variables observed in the content analysis consists of two quantitative and qualitative items. Quantitative items are the data measured in quantity units, meanwhile, qualitative items refer to text narratives. We modified the dimensions into 12 categories that comprise of each item. Generally, the dimensions consist of:

- Corporate Governance and ethical value (CG);
- Employee Growth (EG);
- Environmental Management and Protection (EMP);
- Energy Saving and Reduction (ESR);
- Sustainable Development (SD);
- Product Quality Control (PQC);
- Protection of Consumer Equity (PCE);
- Supply Chain Partnership (SCP);
- Promotion of Indonesia's technological Development (PITD);
- Tax Contribution (TC);
- Scientific Responsibility Management System (SRMS);
- Sound Corporate Image (SC).

Details of the dimensions and items are described in Appendix 1. Every dimension was comprised of several items. We checked each item contained in the firms' annual reports and gave scores proportionally according to the items written in annual reports. The score ranging from 0 to 3, with 0 is the lowest score and 3 is the highest score. For example, Corporate governance consisted of 5 items, the scoring for firm A after the annual report

was checked only contained 3 items. Then, the CSR score was proportionally 1.2 which was  $(2/5 \times 3)$ . The calculation was mathematically expressed as follows:

$$\text{CSR score} = \frac{\text{IR}}{\text{ID}} \times 3 \quad (1)$$

IR was the number of items reported in the annual report, and ID was the items contained in dimension. Thus, a firm's CSR score when the items were completely reported in every dimension had the highest score of 3. Meanwhile, when all of the items reported in the annual report were unavailable, the score would be zero.

#### 3.3 Data Analysis

The first objective of this study was to find the pattern of CSR activities reported by public companies listed in Indonesia Stock Exchange by observing the dimensions and items available in the annual reports. Second, to examine the differences of each CSR dimension in content analysis between state-owned and private-owned enterprises. The Analysis of the t-test was employed to examine the differences. The t-test hypothesis was stated as follows:

H0:  $\mu_1 = \mu_2$ : there is no significant difference between the means of CSR score of SOEs and POEs

H1:  $\mu_1 \neq \mu_2$ : there is a significant difference between the means of CSR score of SOEs and POEs

If the t-statistic is smaller than t-table ( $t\text{-stat} < t\text{-table}$ ), then we can not reject the null hypothesis. Conversely, if the t-stat is larger than t-table ( $t\text{-stat} > t\text{-table}$ ), then we reject the null hypothesis.

### 4 EMPIRICAL FINDINGS

The empirical findings of the study are reported in three sections. The first section presents descriptive statistics of the CSR score among the corporations. Second, we provide information about the content analysis which contains the pattern of CSR score for each dimension of CSR. The last section presents the findings on t-test between two samples, state-owned enterprise (SOE) and private-owned enterprise (POE).

#### 4.1 Descriptive Statistics

Basic information regarding the sample is presented in Table 2. As presented in the table, there were 12 dimensions in CSR Scoring.

Table 2: Descriptive statistics of CSR scores within the overall sample.

CSR Dimensions	Mean	Standard Deviation	Min	Max
Corporate Governance and ethical value (CG)	2.14	0.66	0	3
Employee Growth (EG)	2.12	0.84	0	3
Environmental Management and Protection (EMP)	1.11	0.84	0	3
Energy Saving and Reduction (ESR)	0.87	0.93	0	3
Sustainable Development (SD)	1.42	1.12	0	3
Product Quality Control (PQC)	1.30	1.12	0	3
Protection of Consumer Equity (PCE)	1.01	0.79	0	3
Supply Chain Partnership (SCP)	0.89	0.85	0	3
Promotion of Indonesia's technological Development (PITD)	0.93	0.91	0	3
Tax Contribution (TC)	0.33	0.69	0	3
Scientific Responsibility Management System (SRMS)	1.47	0.96	0	3
Sound Corporate Image (SC)	1.38	0.83	0	3
Total	14.95	7.36	1.20	31.40

When we broke down the observation into each item, the three highest average scores were in issues such as corporate governance and ethical value; employee growth; and The Scientific Responsibility Management System. The Number of observations was 595 publicly listed companies. The top three highest scores regarding the CSR activities were in corporate governance and ethical value; employee growth; and the scientific responsibility management system. According to this result, the majority of

companies' CSR practices were related to social works, but not related to environmental or energy-saving activities.

#### 4.2 Content Analysis of CSR among Industries

Our sample comprised of companies operated in several industries. We followed the Indonesia Stock Exchange (IDX) classification of industries, such as agriculture (AGR); basic industry and chemicals (BIC); consumer goods (COG); financial (FIN); infrastructure (INF); mining (MIN); miscellaneous industries (MSC); property, real estate and building (PRB); trade service and investment (TSI).

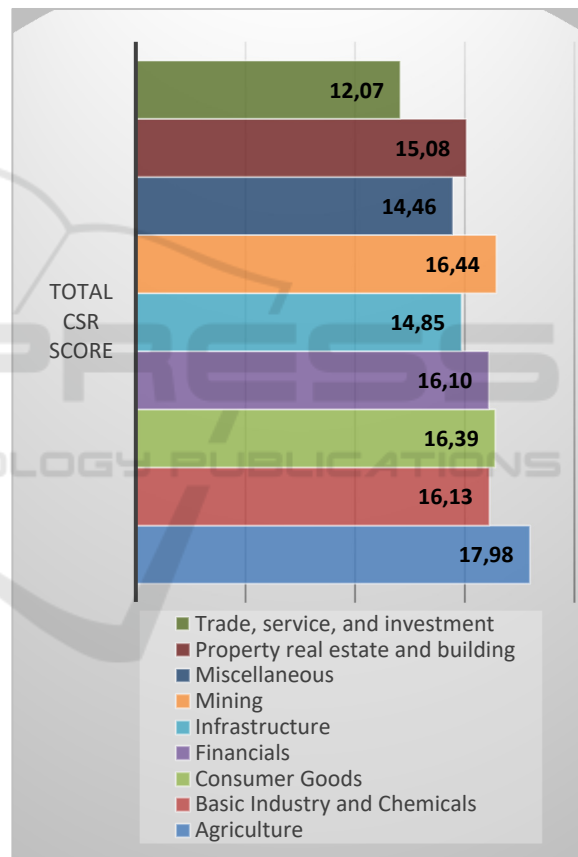


Figure 1: Total CSR Scores among industries.

The CSR scores for each industry classification are shown in figure 1. According to figure 1, trade service and investment had the lowest total score of CSR (12.07). Meanwhile, the highest score was possessed by agriculture (17.98). Contrary to the regulation, industry such as mining; basic industry and chemicals; and infrastructure which were considered operationally dependent on environment

and energy precisely found to be less socially responsible.

According to the average score of total CSR score (14.95), there were three industries that scored below the average, namely infrastructure (14.85); miscellaneous industries (14.46); trade service and investment (12.07). On the other side, industries like agriculture (17.98); mining (16.44); consumer goods (16.39); basic industry and chemicals (16.13); financials (16.10); property real estate and building (15.08) obtained above-average scores. The most socially responsible industries were agriculture; mining and consumer goods.

We further examine the top three dimensions that corporations focused on, namely corporate governance, employee growth, and scientific responsibility management system. The details can be seen in figure 2. The CSR score was calculated according to the average of the industry.

We further examine the highest scores mentioned prior to this paragraph. The Corporate governance score of each industry was depicted in figure 3.

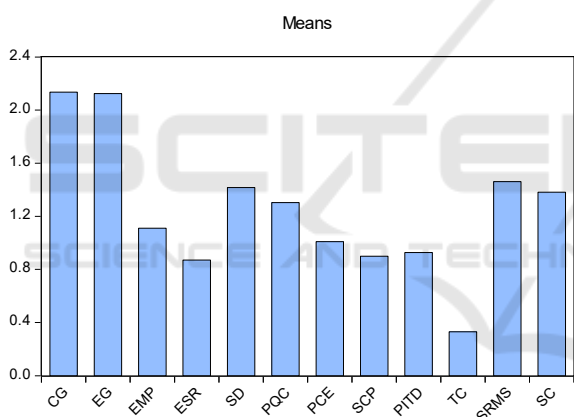


Figure 2: Average score of CSR dimension.

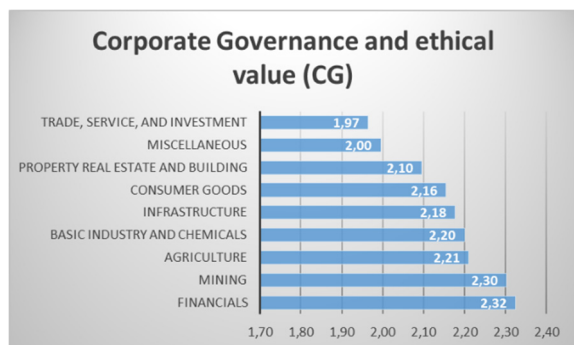


Figure 3: Score of corporate governance dimension of CSR among industries.

According to the figure industry that scored the highest performance were financials, mining, and agriculture. Meanwhile, the second dimension of CSR that most companies practiced was employee growth. This dimension consisted of issues such as employee protection, benefits, non-discrimination, and the labor union. According to figure 4, the industry that focused on this issue were financials, mining, and basic industry and chemicals. The third highest score was the scientific responsibility management system. Further description can be seen in figure 5. As exhibited in figure 5, industry such as basic industry and chemicals, consumer goods, and agriculture were top three companies that paid most attention to issues, for instance, the availability of independent CSR management institution, linearity between ethical conducts and management system, and the introduction of stakeholder communication and performance improvement mechanisms.

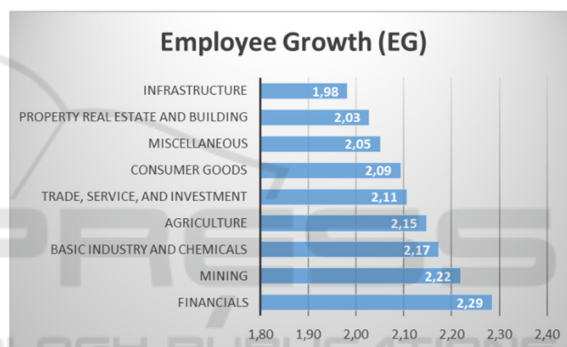


Figure 4: Score of employee growth dimension of CSR among industries.

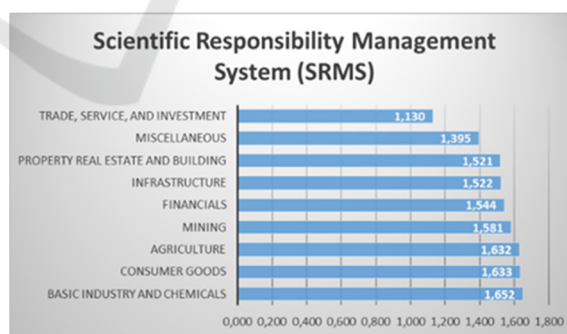


Figure 5: Score of scientific responsibility management system dimension of CSR among industries.

The least score in each dimension was tax contribution; energy saving and reduction; and environmental management and protection. The Industry that focused on this issue was agriculture. Meanwhile, the industry that practiced energy-saving and reduction was mining. Finally, the agriculture

industry best practiced was regarding environmental management and protection compared to other industries. The details were depicted in figure 6 through 8.

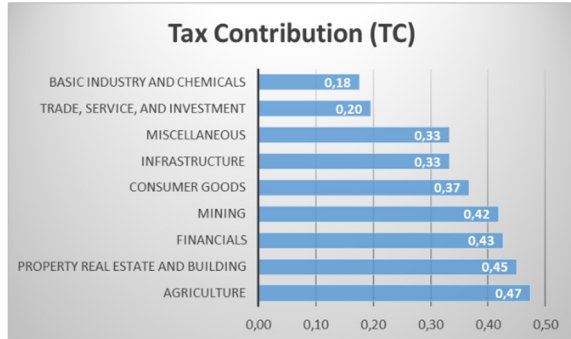


Figure 6: Score of tax contribution dimension of CSR among industries.

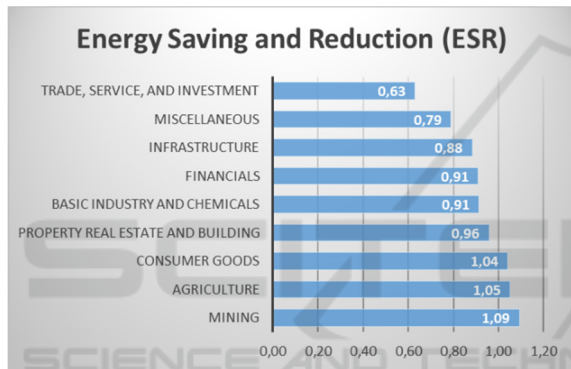


Figure 7: Score of energy-saving and reduction dimension of CSR among industries.

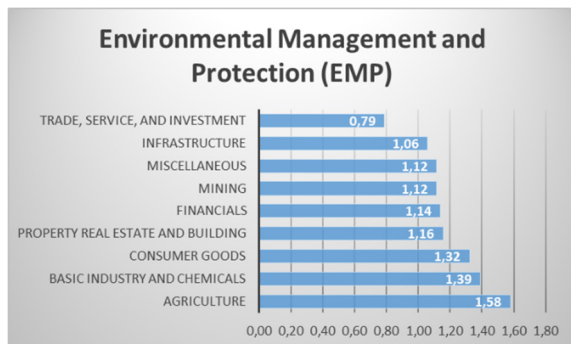


Figure 8: Score of environmental management and protection dimension of CSR among industries.

The results of content analysis in this research revealed that the majority of companies performed corporate governance, employee growth, and scientific responsibility management system. These issues were contradictory to findings in China where

companies focused on energy-saving and carbon reduction, development of circular economy, and promotion of research, new techniques and methods of energy saving/carbon reduction (Kuo, Yeh and Yu, 2012). Chinese companies conducted CSR since the issues of global warming and the environment had seriously been an important issue. On the other hand, the government of Indonesia, that released regulation in the same issues never created an implementation practice to the regulation. As a result, most companies practices of CSR irrelevant with the main cause of CSR, which is to be environmentally responsible.

### 4.3 CSR Practices of SOEs and POEs

The overall sample then split into two categories according to ownership type namely state-owned enterprises (SOEs) and private-owned enterprises (POEs). The descriptive statistics of the two classifications are presented in Table 3.

Table 3: Descriptive statistics of CSR scores within the state-owned and private-owned enterprise.

CSR Dimensions	SOEs		POEs	
	Mean	Stdev	Mean	Stdev
CG	2.53	0.42	2.13	0.66
EG	2.61	0.56	2.11	0.84
EMP	2.19	0.73	1.08	0.83
ESR	1.71	1.07	0.85	0.92
SD	2.43	0.64	1.39	1.12
PQC	1.89	1.09	1.29	1.12
PCE	1.64	0.63	0.99	0.79
SCP	1.43	0.85	0.89	0.85
PITD	1.43	0.76	0.92	0.91
TC	0.85	0.98	0.32	0.68
SRMS	1.85	0.86	1.45	0.96
SC	2.04	0.69	1.34	0.83
Total	22.54	4.38	14.75	7.32

As presented in table 3, there was a significant difference in total CSR scores between state-owned enterprises (22.54) and privately-owned enterprises (14.75). Meanwhile, a further examination of each dimension resulted in a significantly different CSR score between SOEs and POEs in the majority of issues. To examine the significance, further analysis was conducted using the t-test. The details were shown in table 4. As indicated in table 4 the quality of total CSR scores of state-owned enterprises was significantly better than private-owned enterprises.

According to table 4, it can be inferred that CSR disclosure of private-owned enterprise and state-owned enterprises were statistically different in overall dimensions except for tax contributions and scientific responsibility management system. This



indicates that overall CSR practices between state and private-owned enterprises were significantly different, mainly private-owned enterprises practiced CSR worse than state-owned enterprises. The results support the findings found in China that state-owned enterprises focus more on the issues of CSR specifically energy saving and reduction; and promotion of research, techniques, and methods of energy saving/reduction (Kuo, Yeh and Yu, 2012). Private owned companies encountered an agency problem regarding CSR practices. State-owned companies had greater incentives to involve in CSR as this activity helped the government to reduce community and social burdens. This also helped the government to improve its political reputation and decrease financial encumbrance (Qian, Gao and Tsang, 2015).

Table 4: Results of t-test CSR scores and CSR score dimensions between POEs and SOEs.

CSR Dimensions	Mean (t-stat)
CG	-0.3351** (-2.47)
EG	-0.4559** (-2.57)
EMP	-0.9983*** (-4.79)
ESR	-0.8640*** (-3.00)
SD	-1.0344*** (-5.78)
PQC	-0.6368** (-2.47)
PCE	-0.6498*** (-3.77)
SCP	-0.5422** (-2.35)
PITD	-0.5129** (-2.50)
TC	-0.5266 (-1.91)
SRMS	-0.4045 (-1.73)
SC	-0.5181*** (-3.42)
Total	-7.7117*** (-6.17)

\*\*\* p-values < 1%

\*\* p-values < 5%

Indonesia is one of many countries in Asia that regulated CSR practices. The government regulated that enterprises should be responsible for societies specifically because their operational activities are associated with the environment and should also

perform corporate social responsibility. For private-owned companies, this mandate has both positive and negative impacts. Positive impact because private-owned companies were valued by investors, later if they are a highly responsible firm they tend to have a positive reputation among stakeholders such as government, employees, customers, communities, and investors (Qian, Gao and Tsang, 2015). On the other hand, a negative impact might happen as CEOs decided to excessively involved in CSR. Excessive investment in CSR was considered a slack investment, brought less return on investment. This would destroy the financial performance. In this case, CEOs only took action based on self-interest as their reputation might be better in the perspective of employees, communities and the environment (Barnea and Rubin, 2010). Findings in China, private-owned enterprise gained positive impact on CSR engagement, supporting the good management hypothesis (Kao *et al.*, 2018). Good management hypothesis implies that firms that engaged in CSR would obtain a higher reputation to resolve conflicts between managers and non-investing stakeholders (consumers and employees).

The implementation of such regulation seemed to be applied better by state-owned enterprises. Indonesia's state-owned enterprise CEOs were appointed by the government. This implies that the mandate would be greater for state-owned enterprises. These findings were significant in energy saving and carbon reduction, environmental management and protection supporting the studies conducted in the emerging country (Gao, 2011). SOEs were utilized by political power to improve government reputation and reduce financial burdens.

## 5 CONCLUSIONS

This research is conducted to provide evidence about CSR practices reported in annual reports published by publicly listed companies. CSR research within the emerging countries is very limited. In this research, we aim to find evidence of CSR practices by using content analysis in publicly held companies listed in Indonesia Stock Exchange (IDX) in 2018. First purpose of this study is to find the quality of CSR disclosure of public companies in several industry classifications and the dimensions they focus on. Second, we examine whether the quality of CSR practices of state-owned enterprises (SOEs) outperform the private-owned enterprise (POEs).

This study finds evidence that Indonesia's public companies have conducted CSR according to the

regulation. The quality of each dimension of CSR that practiced by several industries varies. According to the total score of CSR, the industry that performed highest in CSR disclosure is agriculture. Meanwhile mining that perceived as highly associated with environmental exploration and exploitation industry scored the third-highest among industries. Further, the examination of each CSR dimension implies that the focus of companies involved in CSR is on "corporate governance, employee growth, and scientific responsibility management system. The implementation of CSR from major companies is associated with charity and building a firm-employee relationship. Issues regarding environmental are less attractive to public companies. In terms of corporate governance and employee growth, the best performer was the financial industry. Meanwhile, the scientific responsibility management system was practiced best by basic industry and chemicals.

Further examination was conducted to obtain evidence of the difference between SOEs and POEs CSR practices. Overall, CSR practices of private-owned enterprises are underperformed by the CSR practices of state-owned enterprises. The differences are significant in each dimension of CSR except tax contributions and scientific responsibility management system. This result implies that state-owned companies have already satisfied the mandates regulated by the government. This also indicates that the government utilized state-owned enterprises to improve political reputation and reduce financial burdens. SOEs served as institutions that endure greater social purpose than private-owned enterprises.

This research contributes to the literature in emerging countries considering the limited number of studies available associated with emerging markets. Indonesia as one of the countries which regulated the CSR practices should clearly state the mechanisms of CSR implementation. Companies that explore and exploit natural resources should focus more on environmental issues rather than social, charity, or firm-employee relationship. The government as a policymaker should revisit the draft bill and regulate the mechanisms of CSR implementation. If CSR implementation focuses more on social activities, then what will be the benefits of companies paying taxes? The social purpose that perceived as state-owned enterprise obligation has been widely practiced by private-owned enterprises.

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**APPENDIX**

Dimensions	Items
Corporate Governance and ethical value (CG)	1-1 Specification of corporate governance structure 1-2 Compliance with laws and regulations 1-3 Conformance of the company’s core management strategies with CSR principles, promised framework agreement, and standards 1-4 Availability of consistent social responsibility policies 1-5 Engagement in active responding to reasonable expectations and demands of stakeholders to create harmony.
Employee Growth (EG)	2-1 Growth of job opportunities and employees

Dimensions	Items
	2-2 Sufficient social security and insurance for employees 2-3 Efforts on ensuring non-discrimination, maternity benefits, salary equity, and adequacy of holidays 2-4 Active engagement in employee training and cultivation of local technical and managerial human resources 2-5 Paying attention to the maintenance of harmonious labor relations, development, and operation of a labor union.
Environmental Management and Protection (EMP)	3-1 Paying attention to environmental protection and use of consistent standards around the globe 3-2 Active engagement in promoting environmental awareness 3-3 Availability of tangible measures of environmental protection and effective fulfillment of the responsibility for environmental protection 3-4 Dedication to the production of environmentally friendly products or services 3-5 Active launch or participation in extensive environmental protection projects.
Energy Saving and Reduction (ESR)	3-6 Paying attention to energy saving/carbon reduction and

Dimensions	Items
	development of the circular economy 3-7 Using clean energies and diffusing this idea to other people in the community 3-8 Promotion of research, new techniques, and methods of energy saving/carbon reduction.
Sustainable Development (SD)	3-9 Availability of the awareness of and strategies for sustainable development 3-10 Performance in the sustainability of strategies, production, profitability, research, and environmental protection 3-11 Paying attention to the sustainable use of the environment and resources.
Product Quality Control (PQC)	4-1 Strengthening product quality control at all times to provide qualified products to consumers 4-2 Using quality control methods that are stricter than external standards.
Protection of Consumer Equity (PCE)	5-1 Availability of a sound after-sales service system and active engagement in collecting and reacting to consumer feedbacks 5-2 Evaluation of customer satisfaction and active handling of customer complaints 5-3 Voluntary recall of defective products and provision of compensation

Dimensions	Items
	5-4 Voluntary recall of defective products and provision of compensation.
Supply Chain Partnership (SCP)	6-1 Providing fair opportunities of the transaction to upstream and downstream firms in the supply chain 6-2 Promoting healthy business ethics in the supply chain 6-3 Leading more enterprises to become outstanding corporate citizens
Promotion of Indonesia's technological Development (PITD)	7-1 Degree of research, investment, and openness of core technologies 7-2 Engagement in the active transformation of advanced development results into productivity and inducing enhancement of development quality of other enterprises 7-3 Contribution of new technologies and products to national and social development as well as changes in social production and lifestyles.
Tax Contribution (TC)	8-1 Longitudinal and cross-sectional comparison of tax revenue and its growth 8-2 The effects of tax contribution on regional economic development 8-3 The effects of paying tax actively on the development of the entire industry.
Scientific Responsibility	9-1 Availability of an independent CSR

Dimensions	Items
Management System (SRMS)	management institution and incorporation of CSR performance into core management strategies 9-2 Availability of a management system that supports business principles or ethical norms 9-3 Introduction of stakeholder communication and performance improvement mechanisms.
Sound Corporate Image (SC)	10-1 Availability of corporate culture that highly emphasizes social responsibility 10-2 Adequacy of information communication and disclosure mechanisms 10-3 Availability of active and effective improvement mechanisms 10-4 Experience of being awarded or honored for leading other competitors in CSR performance.