Examining the Relationship Between Foreign Ownership, Environmental Performance, Firm Size, and Corporate Social Responsibility Disclosure

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ABSTRACT

Many companies often overlook their social responsibility, failing to recognize its crucial role in enhancing their reputation. In the current corporate landscape, companies are increasingly focusing on capital development while also addressing environmental concerns. Greater attention is being directed toward the surrounding environment, as it can significantly influence corporate operations and outcomes. This study aims to evaluate the relationship between foreign ownership, environmental performance, and firm size with the disclosure of Corporate Social Responsibility (CSR). The research targets manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2023 period. A total of 40 samples were selected using the purposive sampling method. The data analysis was conducted using multiple linear regression, employing SPSS as the analytical tool. The findings indicate that foreign ownership does not have a significant effect on CSR disclosure. Similarly, firm size is not significantly associated with CSR disclosure. However, environmental performance demonstrates a significant influence on the scope of CSR disclosure. These results suggest that companies should prioritize environmental performance as a key driver of CSR initiatives. This study underscores the importance of Corporate Social Responsibility as a means for businesses to positively engage with and influence their surrounding environment.

Keywords: Foreign Ownership; Environmental Performance; Firm Size; Corporate Social Responsibility.

Analisis Pengaruh Kepemilikan Asing, Kinerja Lingkungan Dan Ukuran Perusahaan Terhadap Pengungkapan Corporate Sosial Responsibility

ABSTRAK

Penelitian ini dilakukan dengan tujuan untuk mengukur pengaruh kepemilikan asing, kinerja lingkungan dan ukuran perusahaan terhadap pengungkapan Corporate Social Responsibility. Penelitian ini memilih perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2023. Sampel dalam penelitian ini terdiri dari 40 sampel yang diambil dengan menggunakan metode purposive sampling Metode yang digunakan dalam penelitian ini adalah analisis regresi linier berganda dengan menggunakan SPSS. Hasil penelitian menunjukkan bahwa kepemilikan asing berpengaruh negative terhadap ruang lingkup Corporate Social Responsibility, ukuran perusahaan juga berpengaruh negative terhadap ruang lingkup Corporate Social Responsibility, tetapi kinerja lingkungan berpengaruh positif terhadap ruang lingkup Corporate Social Responsibility. Maka dengan adanya penelitian ini diharapkan perusahaan dapat berkembang dan berpengaruh terhadap lingkungan sekitar melalui Corporate Social Responsibility.

Kata Kunci: Foreign Ownership; Environmental Performance; Firm Size; Corporate Social Responsibility.

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INTRODUCTION

Corporate Social Responsibility (CSR) has emerged as a central issue in the business world, capturing the attention of companies, governments, and academics alike. CSR is recognized as a key attribute that enhances a company's reputation while simultaneously improving its standing among stakeholders (Benitez et al., 2020). In Indonesia, the implementation of CSR is mandated by law, specifically under the Limited Liability Company Law No. 40 of 2007, Article 74. This law stipulates that companies engaged in activities related to natural resources are required to fulfill social and environmental responsibilities (Wali et al., 2023).

At its core, CSR aims to foster positive interactions between companies and society. It extends beyond economic benefits to include accountability for the environmental and social impacts of business operations, particularly in communities surrounding corporate activities (Kraus et al., 2020). Instances of environmental pollution resulting from corporate operations underline the importance of CSR initiatives (Mohammad & Wasiuzzaman, 2021). However, despite legal mandates, some companies still fail to prioritize CSR, risking a decline in public trust. This underscores the need for strategies promoting transparency and accountability, such as robust CSR reporting policies (Mulansari et al., 2023).

CSR is a vital corporate practice reflecting the social activities of a company. As public awareness of environmental issues grows, businesses are increasingly compelled to contribute to building a sustainable economy. This includes improving living standards and ensuring the quality of the environment (Castro-González et al., 2021). Since the 1990s, heightened awareness of climate change, waste, pollution, and resource depletion has transformed environmental issues into strategic priorities for companies (Huang et al., 2022). Prior to the enactment of CSR Law No. 40 of 2007, CSR practices in Indonesia were largely voluntary. However, with its implementation, CSR became a legal obligation. Consequently, many companies began including CSR activities in their annual reports, particularly those with significant environmental impacts (Azizah et al., 2022).

Foreign investors often favor companies that demonstrate transparency and social responsibility, as these attributes enhance credibility (Garanina & Aray, 2021). Foreign ownership can motivate firms to increase CSR disclosure, as such investors typically hold high expectations for social responsibility practices (Zaid et al., 2020). Greater CSR disclosure tends to improve investors' perceptions of a company, as transparency in annual reports fosters trust in the company's accountability regarding natural resources and social issues. Studies on the relationship between foreign ownership and CSR disclosure have yielded mixed results. While some research suggests a significant relationship (Yuliandhari & Sekariesta, 2023), (Anam & Wibisono, 2023) other studies indicate no significant effect (Fitria & Damayanty, 2024), (Prasetyo, 2023).

Environmental performance refers to a company's efforts to demonstrate responsibility toward the environment, particularly concerning its operational activities (Alahmad, 2024). It serves as a critical indicator of corporate accountability on environmental issues. In Indonesia, the Corporate Performance Assessment Program (PROPER), developed by the Ministry of Environment, provides an instrument for evaluating environmental performance (Abdatul'Asyiiroh et al., 2023). Research on the link between environmental performance and CSR disclosure has also produced varying results. While some studies report no significant relationship (Fitria & Damayanty, 2024), (Sukasih & Sugiyanto, 2017), (Hasbiyadi et al., 2023), others find a significant positive effect (Harahap, 2023), (Fahreza & Inawati, 2023), (Sarra & Alamsyah, 2021), (Syahputra & Muslih, 2023), (E. S. P. Pratama & Ghozali, 2022).

The influence of company size on Corporate Social Responsibility (CSR) disclosure can be observed when a threshold level of profitability is reached. This suggests that the significance of company size can be assessed using metrics such as share prices, logarithmic size, and total assets (Pambudi et al., 2022). Furthermore, the role of company size in shaping CSR policy may sometimes be perceived as challenging, as it ensures that the company's operations align with its goals and objectives during the establishment of CSR initiatives (Negara et al., 2022). Studies examining the relationship between company size and CSR disclosure have produced mixed results. For instance, some research has identified a significant relationship (Abdatul'Asyiiroh et al., 2023), while others, including studies by (Susanto & Tjahjono, 2023), (Apriyeni et al., 2024), (Teng et al., 2022) and (Malisa et al., 2022), have found no significant influence.

This study seeks to analyze the relationships among foreign ownership, company size, and environmental performance with CSR disclosure. The research is anticipated to contribute to understanding the factors that drive CSR disclosure, offering companies insights for improving their transparency and social responsibility. By doing so, the study provides valuable perspectives for stakeholders to evaluate the quality and effectiveness of CSR disclosure practices.

Stakeholder theory underpins the premise that companies operate not only to fulfill shareholder interests but also to benefit a broad range of internal and external stakeholders (Hunafah & Zahwa, 2022). Within this framework, CSR disclosure serves as a channel for communicating a company's economic, social, and environmental initiatives to stakeholders (Qian et al., 2024). Freeman (1984) posits that effective capitalization requires businesses to consider their impact on all stakeholders, emphasizing the need to maximize positive and minimize negative effects on both society and the environment (Azmi et al., 2021).

Foreign ownership is one key factor influencing CSR disclosure. It refers to the ownership of company shares by foreign individuals or entities investing in Indonesia (Kabir & Thai, 2021). Foreign investors often pressure companies to enhance transparency, particularly in CSR practices, as these investors typically adhere to international standards that shape corporate policies, including those related to CSR (Mulansari et al., 2023). The involvement of foreign shareholders in policy determination, including CSR, further amplifies the emphasis on transparency (Yustia & Khomsiyah, 2024).

Consistent with stakeholder theory, higher levels of foreign ownership encourage corporate managers to expand CSR disclosure (Elfeky & Abdelaziz, 2022). Empirical evidence supports this assertion, with studies by (Yuliandhari & Sekariesta, 2023) and (Anam & Wibisono, 2023) identifying a significant positive relationship between foreign ownership and CSR disclosure. Based on this premise, the first hypothesis for this study is formulated as follows:

H_1. Foreign ownership positively affects Corporate Social Responsibility disclosure.

Environmental performance reflects a company's ability to address social and environmental issues arising from its operational activities (Lu & Wang, 2021). In managing environmental concerns, companies provide information on the measures undertaken to mitigate negative environmental impacts (Almas & Lastiati, 2023). The Company Performance Rating Assessment Program (PROPER), developed by the Ministry of Environment, serves as a key instrument for evaluating environmental performance using a color-coded rating system (Hasbiyadi et al., 2023). Enhanced environmental performance, as reflected in higher PROPER ratings, improves public perception of the company (Dewi & Budiasih, 2022).

Firms with strong environmental performance are expected to increase both the quantity and quality of Corporate Social Responsibility (CSR) disclosure (Sarra & Alamsyah, 2021). Companies with a robust environmental record often disclose more CSR-related information to underscore their commitment to sustainability and to gain societal and investor trust (Wang et al., 2020). Empirical evidence from researchers such as (Hasbiyadi et al., 2023), (Harahap, 2023) and (Abdatul'Asyiiroh et al., 2023) confirms that environmental performance significantly influences CSR disclosure. Based on this, the second hypothesis is proposed:

H_2. Environmental performance positively affects Corporate Social Responsibility disclosure.

Company size is another critical factor influencing CSR disclosure (Wang et al., 2020). Larger companies typically possess greater resources, enabling them to implement and report CSR activities more effectively than smaller firms (Silaban et al., 2022). Common measures of company size include total assets, revenue, market capitalization, and the number of employees (Rohayati & Mulyati, 2022).

Large firms also face greater scrutiny from stakeholders, which increases pressure to demonstrate a commitment to social responsibility (Negara et al., 2022). The scale of their operations provides greater opportunities to enhance their reputation through CSR disclosures (Putra & Setiawan, 2022). This perspective is supported by studies conducted by (Wali et al., 2023), (Silaban et al., 2022), (Muslimah et al., 2023), and (Negara et al., 2022). all of which conclude that company size significantly influences CSR disclosure. Thus, the third hypothesis is formulated as follows:

H_3. Company size positively affects Corporate Social Responsibility disclosure.

Based on the theoretical foundations and previous research, this study develops a conceptual framework to illustrate the relationship between the independent and dependent variables, as shown in Figure 1.

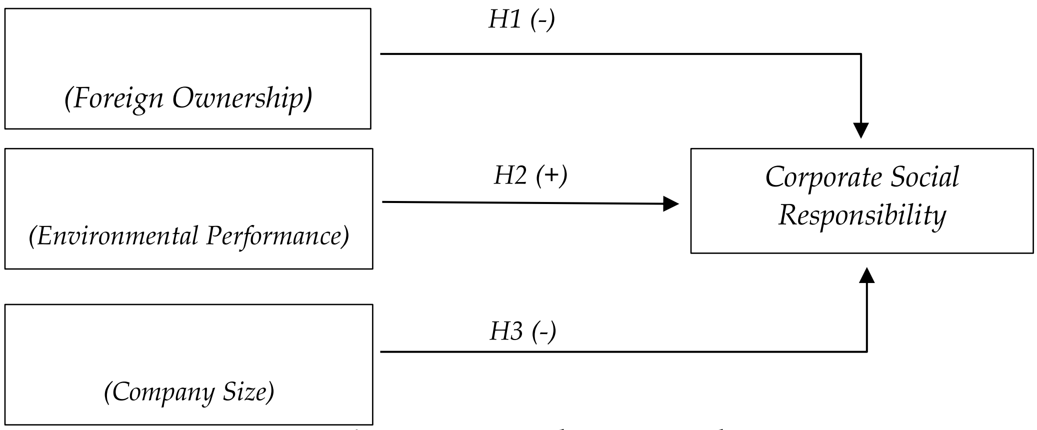


Figure 1. Research Framework
Source: Data processed by the author (2024)

RESEARCH METHODS

This study employs a quantitative approach rooted in the philosophy of positivism, which emphasizes the use of statistical methods to analyze a specific population or sample. The data collected is numerical in nature and analyzed using statistical tools, enabling hypothesis testing based on the empirical evidence gathered.

The research method utilized is descriptive, aiming to systematically, factually, and accurately describe the implementation of Corporate Social Responsibility (CSR). This study specifically examines the relationships between independent variables and dependent variables to provide a detailed understanding of the underlying dynamics.

The population of this study includes companies listed on the Indonesia Stock Exchange (IDX) in 2023. The sample was selected using a purposive sampling method, which involves selecting samples based on specific criteria aligned with the research objectives. The criteria for sample selection include manufacturing companies that publish sustainability reports and disclose CSR activities in accordance with Global Reporting Initiative (GRI) standards for the 2023 period, manufacturing companies with foreign ownership, and manufacturing companies that have received PROPER awards from the Ministry of Environment and Forestry.

The selection of 2023 as the study period is based on its relevance to current corporate practices and regulations. This period reflects the latest developments in sustainability standards, including the implementation of GRI guidelines and PROPER criteria, which continue to evolve with changes in regulatory frameworks and corporate practices.

The specific focus of this study's sample design is intended to address the research problem by concentrating on the intersection of sustainability, foreign ownership, and environmental recognition. The selection criteria ensure the relevance of the sample to the research objectives while enhancing the validity of the study's findings. Additionally, the limited number of companies meeting these criteria offers an opportunity for detailed exploration of sustainability practices within a specific context, contributing significantly to the academic literature.

Although the sample size in this study is relatively small, the purposive sampling approach is deemed appropriate given the research's focus on companies with unique characteristics not broadly representative of the general IDX population. As a result, the findings are expected to provide in-depth and focused insights into the topic under investigation, even though they are not intended to be generalized across the entire IDX population.

Corporate Social Responsibility is an ethical framework that emphasizes the responsibility of individuals and companies to fulfill their civic duties and contribute to societal welfare (Zaenal et al., 2024). It seeks to enhance stakeholder standards based on long-term principles and compliance with applicable laws. Moreover, CSR is grounded in the philosophy of respecting society and the environment as fundamental pillars of corporate activities (Fitria & Damayanty, 2024).

CSR embodies an organization's commitment to accountability toward all stakeholders affected by its activities and decisions (Goudarzi et al., 2022). It encompasses both theoretical and practical dimensions, including the implementation of community outreach programs, adoption of sustainable practices, reduction of environmental impacts, promotion of workplace collaboration, and assurance of safety for employees and surrounding communities (Judijanto et al., 2024).

CSR researchers often utilize the GRI Standards as a sustainability reporting framework, which enables organizations to disclose their economic, environmental, and societal impacts with the goal of enhancing CSR disclosure quality (I. S. Pratama & Deviyanti, 2022). Indicators derived from these standards serve as benchmarks for measuring CSR performance and guide companies in aligning their activities with stakeholder expectations and sustainability goals. The indicators used to measure Corporate Social Responsibility is as follows:

$$CSRJ = \frac{\sum Xij}{Nj} \quad \text{.......................................} (1)$$

Where:

CSRIj = company Corporate Social Responsibility Disclosure index

Nj = Number of items for the company

Xij = Dummy (1 : if item I is disclosed and 0 : if item I is not disclosed)

Foreign ownership refers to a situation where a company's shareholders include individuals, governments or legal entities located outside the country where the company is headquartered (Prasetyo, 2023). Similar to stakeholder theory, the magnitude of foreign ownership in a company motivates managers to increase Corporate Social Responsibility disclosure , because foreign stakeholders are interested parties in this aspect of the company's operations (Yuliandhari & Wulandari, 2024). The indicators used to measure foreign ownership are

$$KA = \frac{\text{Number of shares owned by foreigner}}{\text{Total shares outstanding}} \quad \ldots\ldots(2)$$

Environmental performance refers to a company's ability to sustain its operations while maintaining environmental integrity, often achieved through the implementation of environmental accounting practices (Hayati et al., 2021). It also encompasses efforts to foster a sustainable, green environment, with performance benchmarks evaluated through the Company Performance Rating Program (PROPER) (E. S. P. Pratama & Ghozali, 2022). In this study, environmental performance is measured using the PROPER rating scale, which assigns values as follows: Gold (5), Green (4), Blue (3), Red (2), and Black (1).

Company size categorizes firms as large or small based on criteria such as total assets, market capitalization, or logarithmic transformations like log size. Company size is widely recognized as a determinant of overall corporate value (Hunafah & Zahwa, 2022). For this study, company size is calculated using the natural logarithm of total assets, as proposed by :

Company Size = Ln (Total Company Assets). ……………………………………(3)

This measure provides a standardized way to compare companies of varying scales.

The research data were collected from annual reports and sustainability reports available on the official website of the Indonesia Stock Exchange (IDX). Descriptive statistics were employed to summarize the data, providing insights into the maximum, minimum, average, and standard deviation of the variables. This approach ensures a clear understanding of the data distribution and characteristics.

To ensure the regression model's validity, several classical assumption tests were conducted. The normality test verified whether the data were normally distributed, while the multicollinearity test assessed potential correlations among independent variables. Heteroscedasticity tests examined whether residual variances were consistent across observations, and autocorrelation tests explored relationships between residuals from different observations. These tests are essential for confirming the reliability of the regression model and the robustness of the results.

Multiple regression analysis was used to investigate the relationships between the independent and dependent variables. This analytical approach facilitates an in-depth exploration of the hypothesized relationships, enabling a comprehensive understanding of the factors influencing the dependent variables under study. The regression model used is:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$……………………………………………………(4)

Where,

Y = CSR disclosure index

α = Constant

β_1 = Foreign ownership regression coefficient

X_1 = Foreign ownership

β_2 = Environmental performance regression coefficient

X_2 = Environmental performance

β_3 = Firm size regression coefficient
X_3 = Company size
e = Error

Hypothesis testing in this study involves three primary approaches. The t-test is employed to examine the partial effect of each independent variable on the dependent variable. The F-test is used to evaluate the simultaneous influence of all independent variables on the dependent variable. Additionally, the coefficient of determination (R^2) measures the proportion of variation in the dependent variable that can be explained by the independent variables. These tests collectively provide a comprehensive understanding of the relationships among the variables under study.

RESULTS AND DISCUSSION

Descriptive statistics are utilized to summarize and provide an overview of the data. Key metrics such as the maximum value, minimum value, mean, and standard deviation are presented for each variable, including Corporate Social Responsibility, foreign ownership, environmental performance, and company size. These statistical summaries offer valuable insights into the distribution and variability of the data, laying the groundwork for further analysis.

Table 1. Results of Descriptive Statistical Tests

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Ownership Foreign	40	0.00	0.96	0.285	0.284
Performance Environment	40	3.00	5.00	3,700	0.853
Company Size	40	20.66	32.86	24,184	3,341
CSR	40	0.69	0.98	0.859	0.073
Valid N (listwise)	40				

Source: SPSS output results, processed author, 2024

From Table 1, the descriptive statistics for the variables can be summarized as follows. Corporate Social Responsibility (CSR) has a minimum value of 0.69, a maximum value of 0.98, a mean of 0.8588, and a standard deviation of 0.073. Foreign ownership exhibits a minimum value of 0.00, a maximum value of 0.96, a mean of 0.285, and a standard deviation of 0.284. Environmental performance has a minimum value of 3, a maximum value of 5, a mean of 3.7, and a standard deviation of 0.853. Company size is represented by a minimum value of 20.66, a maximum value of 32.86, a mean of 24.184, and a standard deviation of 3.341. These statistics provide an overview of the distribution and variability of each variable under study.

Table 2 provides the results of the normality test. The significance value for the Asymptotic Sig. (2-tailed) test is 0.200, which is greater than the threshold of 0.05. This indicates that the data in this study follow a normal distribution, meeting the assumptions required for subsequent statistical analyses.

Table 2. One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			40
Normal Parameters[a,b]	Mean		0,000
	Std. Deviation		0,065
Most Extreme Differences	Absolute		0,093
	Positive		0,062
	Negative		0,093
Test Statistic			0,093
Asymp. Sig. (2-tailed)[c]			0,200[d]
Monte Carlo Sig. (2- tailed)[e]	Sig.		0.516
	99% Confidence Interval	Lower Bound	0.503
		Upper Bound	0.529

Source: SPSS output results, processed author, 2024

As shown in Table 3, the Variance Inflation Factor (VIF) values for Foreign Ownership, Environmental Performance, and Company Size are 1.024, 1.062, and 1.060, respectively. The corresponding Tolerance values are 0.976 for Foreign Ownership, 0.942 for Environmental Performance, and 0.943 for Company Size.

These results indicate that the VIF values are well below the threshold of 10, and the Tolerance values exceed the minimum requirement of 0.1 for each variable. Based on these findings, it can be concluded that there is no indication of multicollinearity among the variables in the research sample data.

Table 3. Multicollinearity Test Results

Model		Collinearity Statistics Tolerance	VIF
1	(Constant)		
	Ownership Foreign	0.976	1,024
	Performance Environment	0.942	1,062
	Company Size	0.943	1,060

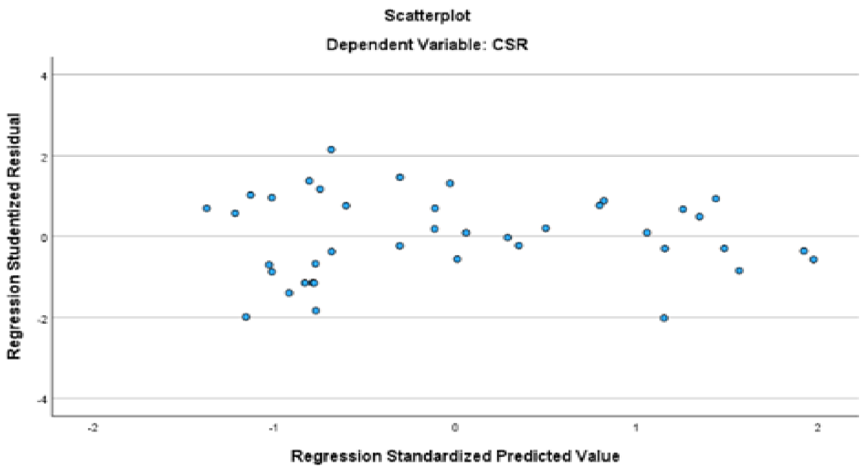
a. Dependent Variable: CSR

Source: SPSS output results, processed author, 2024

As presented in Table 4, the scatterplot test reveals that the data points are dispersed without any discernible pattern. This indicates the absence of heteroscedasticity, confirming that the variance of residuals remains constant across observations.

The autocorrelation test evaluates whether residual errors are correlated across time periods (t). In this study, the Durbin-Watson (DW) test was applied. The absence of autocorrelation is confirmed when the Durbin-Watson statistic falls between the upper bound (dU) and the value calculated as (4 – dU), expressed mathematically as $dU<dW<4–dU$. These results validate the assumption of independent residuals, ensuring the reliability of the regression model.

Table 4. Heteroscedasticity Test Results



Source: SPSS output results, processed author, 2024

Table 5. Autocorrelation Test Results

Model Summary [b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.451 [a]	0.204	0.137	0.067	2,165
b. Dependent Variable: CSR					

Source: SPSS output results, processed author, 2024

Based on table 5, the Durbin-Watson value is 2.165. With 3 independent variables (K = 3) and a sample size of 40 (N = 40), the critical values are dL = 1.390 and dU = 1.599. The calculation shows that 4 - dU is equal to 2.400. Based on these findings, it can be concluded that the value of 1.390 < 2.165 < 2.400 indicates that the data is free from autocorrelation problems.

Table 6. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	0.668	0.087	
	Ownership Foreign	-0.027	0.039	0.107
	Performance Environment	0.034	0.013	0.392
	Company Size	0.003	0.003	0.143

a. Dependent Variable: CSR

Source: SPSS output results, processed author, 2024

Based on table 6, obtained equality multiple linear regression lowered as Y = 0.668 – 0.027X1 + 0.034X2 + 0.003X3 + e. from the linear equation can be concluded that : The constant (a) of 0.0668 shows that when variable ownership foreign , performance environment and size company everything is worth 0, then mark prediction Corporate Social Responsibility is of 0.668, the coefficient value ownership foreign of -0.027 indicates If other independent variables have constant values and ownership foreign experience increase , then Corporate Social Responsibility will decrease of 0.0277, the coefficient value performance environment of 0.034, which means that if other independent variables have constant values and performance environment experience increase , then Corporate Social Responsibility experience increase of 0.034, the coefficient value size company of 0.001, which means that if other independent variables have constant values and size company experience increase , then Corporate Social Responsibility experience increase of 0.003.

Table 7. Partial Test Results (t-Test)

Model		t	Sig.
1	(Constant)	7,718	<0.001
	Ownership Foreign	-0.708	0.484
	Performance Environment	2,560	0.015
	Company Size	0.933	0.357

a. Dependent Variable: CSR
Source: SPSS output results, processed author, 2024

Based on table 7, the calculated t value is obtained for each variable. To interpret the results of the t test, the t value from the t table is determined based on the degrees of freedom (df) calculated by N - K, where N is the sample size and K is the number of independent variables. The variable is added one for the dependent variable. In this case df = 40 - 4 = 36, and the t table value at a significance level of 5% (0.05) is 2.0809. Based on these findings, it can be concluded that: 1. The foreign ownership variable obtained a significant value of 0.484 > 0.05, while the calculated t showed a value of -0.708 <2.0809, so it can be concluded that H1 is rejected, which means that foreign ownership has a negative effect on Corporate Social Responsibility. 2. The environmental performance variable obtained a significance value of 0.015 <0.05, while the calculated t showed a value of 2.560> 2.0809, so it can be concluded that H2 is accepted, which means that environmental performance has a positive effect on Corporate Social Responsibility. 3. The company size variable obtained a significance value of 0.357> 0.05, while the calculated t showed a value of 0.933 <2.0809, so it can be concluded that H3 is rejected, which means that company size has a negative effect on Corporate Social Responsibility.

Table 8. Results of Simultaneous Significance Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.042	3	0.014	3,068	0.040 [b]
	Residual	0.166	36	0.005		
	Total	0.208	39			

a. Dependent Variable: CSR
b. Predictors: (Constant), Company Size, Ownership Foreign, Performance Environment
Source: SPSS output results, processed author, 2024

Based on table 8, it can be seen that the results of the F count are 3.068 with a significance level of 0.040. This simultaneous test can be obtained by comparing the F count value with the F table value obtained by dfl = K-1 where K is the number of variables (free and bound). Then the df2 value is determined using the NK formula, where N is the number of research samples. Based on the calculation results, the dfl results are obtained at number 3 (4-1) and df2 at number 36 (40-1). The F table value obtained is 2.839.

Thus the results show that the calculated F is 3.068 > F table of 2.839 and the significance level is 0.040 < 0.05. This can be interpreted that the influence of independent variables simultaneously has a positive effect on the dependent variable.

Table 9. Coefficient Test Results Determination

Model	R	R Square	Adjusted R Square
	0.451 [a]	0.204	0.137

a. Predictors: (Constant), Company Size , Ownership Foreign , Performance Environment
b. Dependent Variable: CSR
Source: SPSS output results, processed author, 2024

Based on Table 9, the coefficient of determination (R^2) is 0.137, indicating that the variables of foreign ownership, environmental performance, and company size collectively explain 13.7% of the variation in Corporate Social Responsibility (CSR) disclosure. The remaining 86.3% is attributed to other factors not examined in this study.

The results of the first hypothesis reveal that foreign ownership has a negative effect on CSR disclosure. This finding suggests that the level of foreign ownership, whether high or low, does not significantly influence CSR disclosure. This lack of effect may stem from delays in the communication of corporate reporting information to foreign investors. Although foreign investors often demand higher levels of CSR disclosure, their reliance on distant monitoring and lack of direct involvement in the company's operational activities diminishes the effectiveness of their oversight.

These findings challenge stakeholder theory, which posits that foreign ownership brings experience and awareness of corporate social issues, thereby fostering increased CSR disclosure in annual reports. According to stakeholder theory, such disclosures enhance a company's social acceptance and ensure operational sustainability. This study aligns with previous research by (Prasetyo, 2024) and (Fitria & Damayanty, 2024), which also found that foreign ownership negatively affects CSR disclosure.

The second hypothesis demonstrates that environmental performance has a positive effect on CSR disclosure. Companies recognized with PROPER awards from the Ministry of Environment, particularly at higher levels such as Gold, are more likely to provide comprehensive CSR disclosures. The PROPER program encourages firms to comply with legal requirements related to environmental management and to improve their CSR practices. Such efforts signal a commitment to responsibility and enhance corporate reputation (Abdatul'Asyiiroh et al., 2023).

This finding supports stakeholder theory, which emphasizes that companies are accountable not only to shareholders but also to a broader range of stakeholders. Participation in the PROPER program serves as a mechanism for companies to demonstrate accountability for their environmental performance. Even companies with lower rankings benefit from stakeholder recognition, as the program highlights their environmental stewardship (IS Pratama & Deviyanti, 2022). This aligns with research by (Kholifah, 2022), which shows that companies participating in PROPER exhibit a stronger environmental commitment. Similarly, (Harahap, 2023) found that firms with higher environmental performance often display greater social awareness, addressing concerns related to employees, products, communities, and stakeholders.

The third hypothesis reveals that company size does not significantly affect CSR disclosure. Company size, typically measured by total assets, sales, or market capitalization, reflects a firm's scale of operations. While larger companies possess extensive resources for business development, operational continuity, and resource optimization, this study finds no direct correlation with CSR disclosure.

This result contradicts stakeholder theory, which suggests that larger firms should demonstrate superior CSR performance and provide more extensive disclosures to meet stakeholder expectations. However, as companies grow, management may prioritize internal affairs over social and environmental responsibilities, resulting in reduced CSR initiatives and limited disclosure in annual reports. This finding is consistent with research by (Wulandari & Trisnawati, 2024), and (Teng et al., 2022), which concluded that larger firms often exhibit lower CSR disclosure levels.

The findings indicate that company size alone does not guarantee enhanced CSR disclosure, even in the presence of regulations mandating such reporting. Despite these regulatory requirements, larger firms may not consistently prioritize CSR disclosures, underscoring the need for strategies that align corporate practices with stakeholder expectations.

From a theoretical perspective, this study highlights the importance of CSR disclosures that align with stakeholder interests, signaling positive prospects and supporting sustainable development. Practically, the findings underscore the need for companies to develop strategies that enhance CSR disclosure, such as producing sustainability reports aligned with applicable standards. By doing so, firms can provide stakeholders with clearer insights into their CSR performance, fostering trust and long-term value creation.

CONCLUSION

Based on the results of this study, it can be concluded that foreign ownership does not have a significant influence on Corporate Social Responsibility (CSR) disclosure. This finding suggests that the level of foreign ownership, whether high or low, does not substantially impact the company's social responsibility disclosure practices. Conversely, environmental performance has a significant influence on CSR disclosure. Participation in the PROPER program has emerged as a key driver in improving CSR disclosure, highlighting the importance of environmental initiatives in shaping corporate reporting practices.

Company size, however, does not significantly affect CSR disclosure. This indicates that the scale of a company, whether large or small, is not a primary factor in decision-making related to social responsibility disclosures.

This study has several limitations, including its reliance on data from manufacturing companies within a specific year. As a result, the findings may not fully capture the conditions or behaviors of companies in other sectors or across different time periods. Future research is recommended to extend the study period, include a broader range of industries, and explore additional potential independent variables that may influence CSR disclosure. Expanding the scope in these ways would provide more generalized and widely relevant findings, contributing to a deeper understanding of CSR practices.

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