CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND OWNERSHIP STRUCTURE: MODERATING EFFECT OF ENVIRONMENTAL PERFORMANCE

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Abstract: *Using environmental performance as a moderating variable, we examine how ownership structure affects corporate social responsibility disclosure (CSR Disclosure). With a population of 124 BEI manufacturing sector enterprises, data was gathered through the documentation method from annual reports for the 2017–2021 period. A purposive sample of 24 companies was selected for the sample. However, analytical methods like moderated regression analysis (MRA) are employed. The results demonstrate that while management ownership harms CSRD, institutional and public ownership have a favorable impact on CSR Disclosure. The impact of institutional and public ownership on CSR disclosure is well moderated by environmental performance; however, the influence of management ownership on CSR disclosure is not successfully moderated. The outcomes of the control variables show that firm size and profitability are significant. However, leverage shows an insignificant result.*

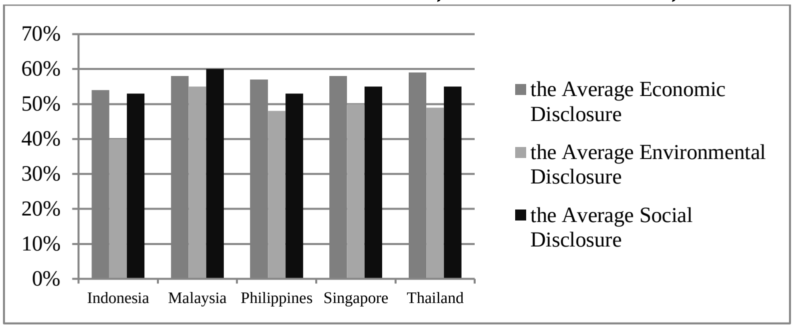
Keywords: ownership structure, environmental performance, CSR Disclosure

INTRODUCTION

A company's ability to establish and maintain a positive reputation among stakeholders is crucial given the intense competition across multiple industries. For a firm to survive in the cutthroat world of business, it needs the compassion and support of the general public. This is because a company's reputation can have a strategic impact on its competitive advantage. Handling a company's image is essential to overcoming the global obstacles of today. Strategic management implemented by the organization might help to create a positive image. According to Tran, Nguyen, Malewar, and Bodoh (2015), the firm's favorable image is intended to be formed and enhanced through the implementation of the company strategy.

Businesses that wish to thrive in the competitive field of industry must implement strategic initiatives, one of which is corporate social responsibility, or CSR. To improve stakeholder and customer loyalty, it is seen to be crucial for businesses to include corporate social responsibility (CSR) in their yearly financial reports. This could be a corporate promotional event meant to make stakeholders think well of the company's performance. As per Hery's (2022) assertion, the purpose of disclosing environmental, social, and financial outcomes in annual reports or separate reports is to demonstrate to investors and other stakeholders the extent of vision corporate governance. A study conducted in 2022 by the Center for Governance and Sustainability (CGS) at NUS Business School on the extent of corporate social responsibility (CSR) disclosure by public companies in different ASEAN countries is displayed in Graph 1.

Graph 1. Level of Disclosure of Economic, Environmental, and Social Topics



Source: CGS NUS Business School (2022)

In comparison to four other ASEAN nations, Indonesia has the lowest level of public business transparency in 2022. Analyzing this condition is intriguing, particularly in light of issues with disclosure of corporate social responsibility.

The comparison of the number of shareholders in the company gives a conception of the ownership structure of the company (Tarjo, 2021). A business may be owned by a single person, the general public, organizations, foreign governments, or management personnel inside the company. Variations in the percentage of investors' shares may have an impact on the company's degree of completeness. The corporation will disclose information in more depth the more parties require it (Latifah & Widiatmoko, 2022).

The findings of earlier research on the connection between ownership structure and CSR have been conflicting. According to research by Nurleni et al. (2018), institutional ownership had a beneficial impact on CSR disclosure in Indonesian manufacturing companies, but managerial ownership had a significant negative impact. According to Khan et al. (2013), public ownership have a beneficial impact on CSR disclosures made by Bangladeshi enterprises. Conversely, institutional and management ownerships have no bearing on CSR disclosure on the Tehran Stock Exchange, according to Salehi et al. (2017).

According to Sukuharsono and Andayani (2021) current business development practices, businesses must focus on the three components of the "triple bottom line": profit sustainability, people sustainability, and environmental sustainability (planet). Businesses must show that they are accountable to the economic, environmental, and social facets of their operations in addition to their shareholders. If a business considers social and environmental factors as well, organizational sustainability will be ensured. Environmental performance represents a single standpoint on environmental responsibility. According to Sukatin et al. (2022) environmental performance refers to how well a corporation performs in terms of protecting the environment. Because a company's industrial operations have an impact on the environment, measuring environmental performance is crucial.

The ownership structure of corporate social responsibility disclosure is the main topic of this study, and environmental performance serves as a moderating variable. Manufacturing businesses are selected as the subject because they are one of the business sectors whose operations are directly tied to the environment and are situated in social communities so they can have an impact on both the environment and society. Because of the waste that comes from their production processes, manufacturing enterprises also contribute significantly to the pollution of the air, land, and water.

There hasn't been enough research done on ownership structure, environmental performance, and corporate social responsibility disclosure to fully explore how public, institutional, and managerial ownership affects the disclosure of CSR, using environmental performance as a moderating factor. Since the degree of corporate social responsibility disclosure is correlated with firm size, profitability, and leverage, it is required to do additional research in this subject employing size, profitability, and leverage as control variables. This is done to control the variables of ownership structure and environmental performance so that they are not influenced when determining the factors that influence the disclosure of corporate social responsibility.

This examination is intended to be able to provide precise evidence regarding the influence of ownership structure on corporate social responsibility disclosure based on these descriptions and phenomena, as well as empirical evidence regarding the ability of environmental performance to mitigate the influence of ownership structure on corporate social responsibility disclosure.

THEORETICAL LITERATURE REVIEW

Agency Theory

The connection between a principal and an agent, who are bound by a contract requiring the agent to exercise delegated authority for the principal's advantage, is described by the idea of agency theory (Jensen and Meckling, 1976). Agency theory encompasses the practice of reporting or disclosing social responsibility in public enterprises (Halim, et al., 2020). The explanation of corporate social responsibility disclosures can be provided by agency theory. According to Fahmi (2014), agency theory is a situation in which the agent acts as an executor and other stakeholders, such as the government, society, investors, or other parties acting as principals, create a cooperation contract known as the nexus of contract. The contract may contain multiple agreements that the agent must fulfill.

Legitimacy Theory

The relationship between businesses and society is characterized by legitimacy theory. The core belief of legitimacy theory, according to Ghozali and Chariri in Syairozi (2019), is that there is a social contract between the business and the community in which it works and makes use of its resources. According to Grey et al. in Pratama (2021), a corporate management structure that is community-oriented and supportive will help ensure the company's longevity. The basic assumption of this theory is that the existence of a corporation or organization can be supported by realizing that its values and those of society are similar. Companies can express this sort of responsibility via publicly acceptable reports, such as financial, annual, and sustainability reports, by making sure that the public is aware of the company's operational activities and results. According to Bahri and Cahyani (2016), the company's attempts to obtain this legitimacy are demonstrated by the CSR activities disclosed and disclosures made through relevant reports, including annual and sustainability reports.

Stakeholder Theory

Because corporations are required to take into account the interests of all parties, including communities impacted by their actions, when making decisions, the interaction between society and companies is explained by the stakeholder theory. According to Ghozali and Chariri in Wijaya and Santi (2021), stakeholder theory asserts that companies must be able to benefit their stakeholders in addition to achieving their objectives. As stakeholders and the local community will require disclosure items, stakeholder theory is crucial to the practice of corporate social responsibility disclosure. Corporate social responsibility disclosure, according to Bahri and Cahyani (2016), can explain a company's social initiatives and their effects on the community. Stakeholder interests in the company's survival are so intimately tied to the idea of stakeholder theory.

Managerial Ownership Impacts on Corporate Social Responsibility Disclosure.

The choice to implement a corporate responsibility program may be influenced by a high degree of managerial ownership. Management and investor conflicts may be lessened with managerial ownership. The presence of managerial ownership will typically lead to conflicts between management and businesses with competing interests. An agency problem, in which the firm and the shareholder have distinct roles and objectives and the corporation's primary objective is to maximize profit, is one of the issues that is typically brought about by management ownership. The agency theory states that in order to succeed in corporate social responsibility, managers, acting as agents, must effectively manage the business under the direction of the proprietors. In order to gain more clout, insider owners of businesses—in this case, managers—tend to make large investments in corporate social responsibility (CSR) (Buchanan, Cao, & Chen, 2018). If managers possess a larger percentage of the business's shares than other external parties, the corporation will prioritize their interests over those of other parties, and as a result, management will provide less information about corporate social responsibility.

The disclosure of corporate social responsibility was found to be significantly and negatively impacted by managerial ownership, according to Nurleni et al. (2018). In addition, Agustina & Lestari's research from 2022 demonstrates that managerial ownership has a negative and significant impact on CSR disclosure. It has also been demonstrated in research by Sukhani & Hanif (2023) that managerial ownership significantly and negatively affects the disclosure of corporate social responsibility. The following is the hypothesis that was developed in this study based on the findings of earlier research:

H1: Managerial ownership has a detrimental effect on CSR Disclosure.

Institutional Ownership Impacts on Corporate Social Responsibility Disclosure.

According to agency theory, the management acts as the agent and the shareholder acts as the principal in a mutually advantageous contract within the organization. In accordance with the agency theory, managers acting as agents think that growing institutional parties' share ownership will result in bonuses since more investors will be willing to make investments. In order to improve the company's reputation with outside parties, increasing institutional ownership as a principal will promote corporate social responsibility disclosure (Latifah & Widiatmoko, 2022). This relates to the idea of stakeholder theory, which holds that an organization will operate in the best interests of all parties involved rather than just its own. According to stakeholder theory, businesses that have a large level of institutional ownership as stakeholders will provide investors confidence that they can deliver benefits, such as upholding their reputation through greater disclosure of their corporate social responsibility.

Corporate social responsibility disclosure is positively and significantly impacted by institutional ownership, according to research by Nurleni et al. (2018). Research by Lin & Nguyen (2022), Nugraheni, Indrasari, & Hamzah (2022), and Andriani & Sudana (2023) has also demonstrated the beneficial and considerable impact that institutional ownership has on corporate social responsibility disclosure. The following is the hypothesis that was developed in this study based on the findings of earlier research:

H2: Institutional ownership has a beneficial effect on CSR Disclosure.

Public Ownership Impacts on Corporate Social Responsibility Disclosure.

The public's willingness to invest in businesses can be stimulated by public ownership. In addition to releasing financial reports, what can be done to entice the public to invest is for the business to showcase its benefits and cultivate a positive public perception of the brand through corporate social responsibility initiatives (Latifah & Widiatmoko, 2022). Agency theory is related to public ownership because the firm has a legal relationship between principal shareholders and management acting as an agent, and the owner expects management to play a role in maximizing the firm's resources. To stimulate the public's investment, the company must highlight its benefits, especially its social activities. Managers as agents consider increasing public stock ownership for bonuses when investors invest more capital. Increasing public ownership as the principal will be an encouragement for companies to increase corporate social responsibility disclosure to provide confidence that the company is in good condition. This relates to the idea of stakeholder theory, which holds that an organization will operate in the best interests of all parties involved rather than just its own. Therefore, by revealing higher levels of corporate social responsibility, corporations with large public ownership as stakeholders will boost public confidence that the company can contribute constructively. According to Metri, Nurwat, and Sarwala's (2021) research, corporate social responsibility disclosure is greatly affected by public ownership. Businesses having a large percentage of public ownership are thought to be viable and provide the public with a dividend that is suitable in order to reveal more social information.

According to Latifah & Widiatmoko's research (2022) findings, public ownership significantly and favorably affects CSR disclosure. The following is the hypothesis that was developed in this study based on the findings of earlier research:

H3: Public ownership has a beneficial effect on CSR Disclosure.

Environmental performance can moderate the relationship between managerial ownership and corporate social responsibility disclosure.

One of the factors that could contribute to the decision to complete corporate social responsibility disclosures is managerial ownership of a particular aspect. The company's environmental performance is one way that it demonstrates its commitment to environmental management (Andriani & Sudana, 2023). According to agency theory, businesses will pay agency costs as a result of knowledge asymmetry that is utilized to manage agents. Reputation-building initiatives can be implemented through environmental performance; nevertheless, achieving good environmental performance will cost the organization money. Businesses typically report CSR when faced with monitoring expenses (Bags, 2017).

The findings of studies by Jubaedah & Setiawan (2023), Lin & Nguyen (2022), and Rahayu & Hastuti (2020) indicate that management ownership affects CSR disclosure. In order to mitigate the moderating effect of management ownership on CSR disclosure, environmental performance indicators were included in this study. Research by Ma, Zhang, Yin, and Wang (2019) and Chaq & Wahyudin (2020) suggests that environmental performance is important and can moderate the influence of managerial ownership on environmental disclosure. These findings support the idea that a company's environmental performance moderates the relationship between management background and disclosure of environmental information. The following is the hypothesis that was developed in this study based on the findings of earlier research:

H4: Environmental performance differently moderates the impact of managerial ownership in corporate social responsibility disclosure.

Environmental Performance can moderate the relationship between Institutional Ownership and Corporate Social Responsibility Disclosure.

Institutional shareholders will be more inclined to evaluate organizations that have a higher level of institutional ownership. It affects the companies that will disclose more CSR information. Agency theory suggests that the goal is to draw attention from the public and showcase the company's positive qualities (Bags, 2017). Maintaining a strong environmental performance is one of the things businesses may do to improve their public perception. In this instance, the impact of institutional ownership on corporate social responsibility disclosure may be mitigated by environmental performance factors. Prior studies by Nurleni et al. (2018), Lin & Nguyen (2022), and Nugraheni, Indrasari, & Hamzah (2022) showing that institutional ownership influences CSR disclosure as well as studies by Handayani & Maharani (2021), Ulfa, Azizah, & Hapsari (2021), and Aini & Djuitaningsih (2023) demonstrating that environmental performance influences CSR disclosure support the selection of environmental performance as a moderating variable. It was established by Andriani & Sudana (2023) research that institutional ownership's effect on CSR disclosure is moderated by environmental performance. The following is the hypothesis that was developed in this study based on the findings of earlier research:

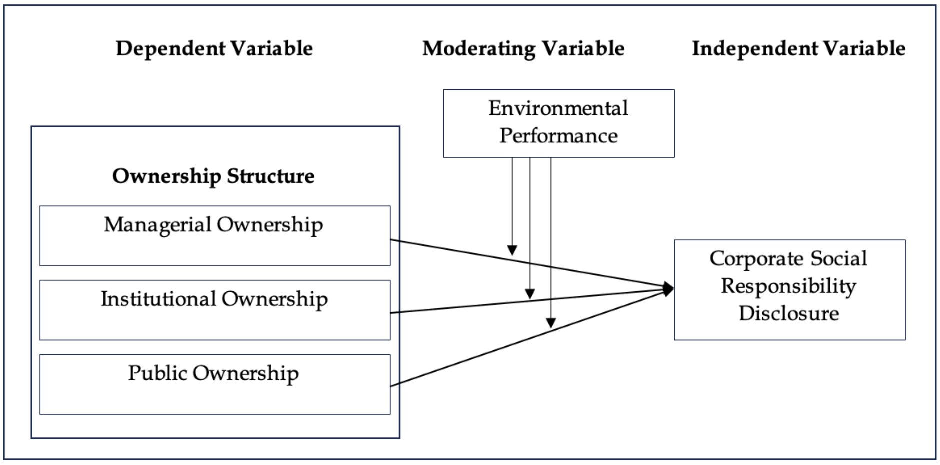
H5: Environmental performance moderates the impact of institutional ownership on corporate social responsibility disclosure.

Environmental Performance can moderate the relationship between Public Ownership and Corporate Social Responsibility Disclosure.

The firm registers on the IDX as a platform where all company operations and conditions must be reported to shareholders so that the public as part of the shareholders can know. This is a way for the public to participate in the ownership of company shares. The amount of share ownership differs amongst them, though. Corporate social responsibility disclosure may be influenced by a number of circumstances, including public ownership. This is in line with Hery's (2022) assertion that institutional ownership may encourage businesses to reveal their social responsibilities. This leads one to believe that, as a form of insurance at work, the company will disclose its CSR initiatives more freely the more institutional ownership it has (Sari & Handini, 2021). Stakeholder theory states that balancing the interests of the company with those of its stakeholders—particularly public ownership shareholders—forms the basis for the necessity of considering corporate sustainability. As a result, efforts must be made to cultivate a positive image by practicing environmental performance and revealing corporate social responsibility. Legitimacy theory places a strong emphasis on the community or public acceptability of firms. From the perspective of agency theory, the public ownership relationship views owners as principals and management as agents of the company, which needs to persuade the public or community by promoting a positive image through disclosure of corporate social responsibility and environmental performance. In her research, Naimah (2017) suggests that environmental performance can mitigate the impact of public ownership on the disclosure of corporate social responsibility. The following is the hypothesis that was developed in this study based on the findings of earlier research:

H6: Environmental performance moderates the impact of public ownership on corporate social responsibility disclosure.

Figure 1. Research Framework



Source: Author, 2023

RESEARCH METHODS

The companies in the manufacturing sector that are listed on the IDX are the focus of this study. The manufacturing sector was selected since it is the largest on the Indonesian stock market. Furthermore, the manufacturing sector was picked to avoid discrepancies between its features and those of other industries, as the industry is often thought to be very susceptible to changes in a variety of circumstances (Tarjo, 2021).

In this study, a sampling technique called purposive sampling was employed, wherein specific criteria were established. 24 samples are qualified and require analysis in this study based on the established criteria.

The financial statements and annual reports of 24 manufacturing companies from 2017 to 2021 are used in this study. The firm website and the Indonesia Stock Exchange website (www.idx.co.id) are the sources of secondary data. The Eviews 10 program is the software used for panel data regression analysis, hypothesis testing, and descriptive statistics. The quantitative methodology of Moderated Regression Analysis (MRA) is employed in the data analysis procedure. Determining each variable's operational concept and measurement in research is essential to describing each variable's characteristics (Sugiyono, 2019).

Table 1. Variable and Measurement

Variable	Indicator	Measurements
Dependend Variable		
Corporate Social Responsibility Disclosure	A measuring method developed by the Global Reporting Initiative (GRI) is used to calculate the CSRD index. Every CSR disclosure that the company makes in its annual reports will be assigned a value of 1 if it is reported, and 0 if it is not.	$CSR_{ij} = \frac{\Sigma X_{ij}}{N_j}$ (Wati, 2019)
Independend Variable		
Managerial Ownership	% Managerial Ownership	Managerial Ownership: $= \frac{\text{Number of Managerial Shares}}{\text{Total Number of Shares Outstanding}} \text{x}100\%$
Institutional Ownership	% Institutional Ownership	Institutional Ownership: $= \frac{\text{Number of Institutional Shares}}{\text{Total Number of Shares Outstanding}} \text{x}100\%$
Public Ownership	% Public Ownership	Public Ownership: $= \frac{\text{Number of Public Shares}}{\text{Total Number of Shares Outstanding}} \text{x}100\%$

Moderating Variable		
Environmental performance	The PROPER rankings outcomes	Gold = 5 Green = 4 Blue = 3 Red = 2 Black = 1 (Ministry of Environment and Forestry of the Republic of Indonesia, 2022).
Control Variable		
Firm Size	Logaritm (Ln) of total asset	Firm Size = Ln. Total Assets
Leverage	*Debt to Equity Ratio* (DER)	$DER = \frac{\text{Total Liabilities}}{\text{Total Shareholder's Equity}} x100\%$
Profitability	*Return On Asset* (ROA)	$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$

RESULT AND DISCUSSION

Result

The population of this study was 124 manufacturing companies from 2017 to 2021. 24 organizations were selected as samples for analysis based on various predetermined criteria. Descriptive statistics only serve to provide a comprehensive picture of the properties of the object under study; they are not intended to be used to extrapolate findings from a sample to a population. Providing a summary of the variables used, including the lowest, maximum, average, and standard deviation for each research variable, is the main goal of descriptive statistical analysis. The findings of the descriptive statistical analysis are displayed in Table 2.

Table 2. Descriptive Statistical Of Research Variable

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Managerial Ownership	120	0	0,51	0,061597	0,12166679
Institutional Ownership	120	0,0203	0,94	0,6706776	0,23377356
Public Ownership	120	0,15	1,06142	0,5107865	0,29314928
Environmental Performance	120	2	5	30,15	0,531
CSR Disclosure	120	0,099	0,582	0,36227	0,14003
Firm Size	120	27,0265	37,6759	30,3178165	2,06896659
Leverage	120	0,16354	31,34957	1,1139495	3,97463885
Profitability	120	0,00513	31,34957	0,6840178	4,01093336
Valid N (listwise)	120				

Source: processed by the author from secondary data, 2023

Table 2 illustrates the outcomes of the Statistic Descriptive analysis. The CSR Disclosure (Y) variable has a base value of 0.099, a top value of 0.582, a median (mea n) of 0.36227, and a standard deviation of 0.140030.

Managerial ownership, the variable (X1), was found to have a base value of 0.0000, a top value of 0.51000, a mean of 0.0615970, and a standard deviation of 0.12166679.
The institutional ownership variable (X2) had a base value of 0,02030, a top value of 0,94000, a mean of 0,6706776, and a standard deviation of 0,23377356.
The Public Ownership variable (X3) has a mean of 0,5107865, a standard deviation of 0,15000, a base value of 0,15000, and a top value of 1,06142.

Firm Size is the control variable. Its base value is 27.02650, its top value is 37.67590, its mean is 30.3178165, and its standard deviation is 2.06896659. Its leverage has a mean of 1.1139495 with a standard deviation of 3.97463885, a base value of 0.16354, and a top value of 31.34957. Its profitability is as follows: its top value is 31.34957, its base value is 0.00513, its mean is 0.6840178, and its standard deviation is 4.01093336.

Coefficient of Determination

Model 1 (No Control Variables)

Coming up next is the result of the coefficient of determination using the E-views 10 program:

Table 3. Coefficient of Determination (Model 1)

R-squared	0,647899
Adjusted R-squared	0,557249

Source : processed by the author from secondary data, 2023

Model 2 (With Control Variables)

Coming up next is the result of the coefficient of determination using the E-views 10 program:

Table 4. Coefficient of Determination (Model 2)

R-squared	0,668723
Adjusted R-squared	0,580020

Using model 1 as the control variable, the obtained findings showed that the coefficient of determination (R2) had an Adjusted R-squared value of 0.55729, or 55.72%. Model 2's Adjusted R-squared value increased by 0.02273, or 2.273%, to 0.580020, or 58%, after testing with control variables. It can be inferred that control variables have the potential to contribute more to this research's disclosure of corporate social responsibility.

Individual Parameter Significance Test (t-test)

Model 1 (No Control Variables)

The following are the results of the t-test using the E-views 10 program:

Table 5. Model 1 T-test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	109,2992	43,64479	2,504291	0,0127
Managerial Ownership (MO)	-0,750041	0,266239	-2,817170	-0,0051
Institutional Ownership (IO)	0,751459	0,341257	2,475732	0,0200

Public Ownership (PO)	0,814638	1,516459	2,444377	0,0150
Environmental Performance (EP)	4,490881	1,540757	2,914723	0,0038
MO*EP	-0,830285	0,986749	-1,948018	0,0608
IO*EP	0,030285	0,009544	3,173039	0,0016
PO*EP	0,021452	0,007432	4,028512	0,0012

Source: processed by the author from secondary data, 2023

Managerial Ownership (MO) received a coefficient worth of -0.750041, indicating a negative worth with a degree of significance of 0.0051 under 0.05, implying that managerial ownership influences CSR Disclosure. Institutional Ownership (IO) received a coefficient value of 0.751459, indicating a positive worth the degree of significance at 0.0200, less than 0.05, implying that institutional ownership influences CSR Disclosure. Public Ownership (PO) received a coefficient value of 0.814638, indicating a positive worth with a degree of significance of 0.0150, which is less than 0.05 demonstrating that public ownership influences CSR Disclosure.

Environmental Performance (EP) received a coefficient value of 4,490881 with a level of significance of 0,0038, which is less than 0,05, indicating that environmental performance has a significant impact on CSR Disclosure. MO*EP received a coefficient worth of -0,830285, indicating a negative value with a degree of significance of 0.0608, indicating that MO*EP has no meaningful effect on CSR Disclosure. IO*EP received a coefficient value of 0.030285, indicating an increase in value with a degree of significance at 0,0016. A value less than 0.05 indicates that IO*EP has a substantial effect on CSR Disclosure. PO*EP received a coefficient worth of 0.021452, indicating a positive value with a degree of significance of 0,0012, which is less than 0.05.

Model 2 (No Control Variables)

The following are the results of the t-test using the E-views 10 program:

Table 6. Model 2 T-test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	82,80684	43,16605	1,918333	0,0558
Managerial Ownership (MO)	-0,610879	0,261426	-2,336716	-0,0200
Institutional Ownership (IO)	0,834215	0,423871	2,568742	0,0310
Public Ownership (PO)	0,854736	1,648179	2,534851	0,0127
Environmental Performance (EP)	3,2871648	1,328746	2,358791	0,0206
MO*EP	-0,7245974	0,681467	-1,059745	0,0587
IO*EP	0,025086	0,009373	2,676522	0,0078
PO*EP	0,038714	0,006589	3,158762	0,0047
Firm Size	0,222024	0,048631	4,565446	0,0000
Leverage (DER)	-0,046383	0,385845	-0,120211	-0,9044
Profitability (ROA)	0,412163	0,023623	3,514887	0,0069

Source : processed by the author from secondary data, 2023

Managerial Ownership (MO) received a coefficient value of -0,610879, indicating a negative value with a degree of significance of 0.0200 under 0.05, implying that managerial ownership influences CSR Disclosure. Institutional Ownership (IO) received a coefficient value of 0.834215, indicating a positive worth the degree of significance at 0.0310, less than 0.05, implying that institutional ownership influences CSR Disclosure. Public Ownership (PO) received a coefficient value of 0.854736, indicating a positive worth with a degree of significance of 0.0127, which is less than 0.05 demonstrating that public ownership influences CSR Disclosure.

Environmental Performance (EP) received a coefficient value of 3,2871648 with a degree of significance of 0.0206 (less than 0.05). It is possible to conclude that environmental performance has a major impact on CSR Disclosure. MO*EP received a coefficient worth of -0,7245974, indicating a negative value with a degree of significance of 0.0587, indicating that MO*EP has no beneficial influence on CSR Disclosure. IO*EP received a coefficient worth of 0.025086, indicating a positive value with a degree of significance at 0,0078, indicating that IO*EP has a substantial effect on CSR Disclosure. PO*EP received a coefficient worth of 0.038714, indicating a positive value with a degree of significance of 0,0047, indicating that PO*EP has a substantial effect on CSR Disclosure. Firm size received a coefficient worth of 0.222024 with a level of significance of 0,0000 indicating that firm size has a substantial effect on CSR Disclosure. Leverage (DER) had a coefficient value of -0,046383 with a degree of significance of -0,9044, indicating that leverage has no effect on CSR Disclosure. Profitability (ROA) had a coefficient value of 0.412163 with a level of significance of 0,0069, indicating that profitability has a strong impact on CSR Disclosure.

Discussion

The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure

Following speculative testing with both model 1 and model 2 (with control factors), the results revealed that managerial ownership has a negative and significant impact on exposure to corporate social responsibility. As a result, hypothesis 1 is accepted. The choice to implement a corporate social responsibility disclosure program might be influenced by a high level of management ownership. Managerial ownership can aid in the resolution of conflicts between management and investors. Because management and shareholders have different interests, it is critical to combine the interests of both. The presence of managerial ownership might bring together management and investor interests (Riyanti & Munawaroh, 2020). The presence of management ownership generally leads to conflicts between managers and enterprises with competing interests. One of the issues that frequently develops as a result of managerial ownership is the agency dilemma, in which the shareowners and the firm have conflicting functions and purposes, and the company and the investors' primary goal is to maximize profits.

Managerial ownership is measured using a ratio scale, which compares total management shares to total outstanding shares (Putri & Rahmini, 2021). According to the concept of agency theory, managers, as agents, must manage a business well in order to produce positive results, especially in terms of Corporate Social Responsibility. Insider ownership, or managerial ownership in this example, causes company owners to overinvest in CSR in order to boost their popularity (Buchanan, Cao, & Chen, 2018). When a corporation prioritizes the interests of managers over the interests of other parties outside the organization, the more the value of managerial share ownership in a company, the greater the management CSR disclosure.

This study supports the conclusions of research performed by Nurleni et al (2018), Agustina and Lestari (2022), and Sukhani and Hanif (2023), which show that managerial ownership influences CSR disclosure. According to the findings of this study, managerial ownership has a negative and significant impact on the disclosure of corporate social responsibility in manufacturing businesses listed on the Indonesia Stock Exchange (BEI) between 2017 and 2021. This also demonstrates that the bigger the proportion of management in the organization, the lower the corporation's social responsibility disclosure. This is done to balance out the capital investment so that management emphasizes short-term plans to optimize firm profitability. Managerial ownership can lead to managers making decisions that are in their best interests. Shareholders may believe that the costs of corporate social responsibility investments are prohibitive and unreasonable.

The Effect of Institutional Ownership on Corporate Social Responsibility Disclosure

Following speculative testing with both model 1 and model 2 (with control factors), the institutional ownership variable has a positive and significant influence on corporate social responsibility. As a result, hypothesis 2 is accepted. Monitoring management relies heavily on institutional ownership. The ability to lead the executives is demonstrated by high institutional ownership (greater than 5%). The presence of institutional ownership promotes better control (Latifah and Widiatmoko, 2022). According to Febrianti and Dewi (2019), retirement savings plans and insurance companies often account for the majority of institutional ownership, with the goal of maximizing their investment money in enterprises with strong management. The majority of institutional ownership comes in the form of shares, which increases management's desire to maximize corporate profits.

On the basis of the agency theory, two parties within the organization have a relationship under a mutually advantageous contract, namely the manager as agent and the shareholder as principal. In relation to agency theory, managers as agents contemplate expanding institutional share ownership in order to receive bonuses because more investors will be interested in investing. With the intention to gain a positive image in the eyes of external parties, increasing institutional ownership as a principal will support corporate social responsibility disclosure. Stakeholder theory suggests that a corporation will aim to benefit or have a beneficial impact on all stakeholders rather than operating in its own interests. Companies with high institutional ownership, in the framework of stakeholder theory, generate trust as stakeholders that the corporation can produce positive benefits, i.e. maintain a good corporate image by improving corporate social responsibility disclosure.

Nurleni et al (2018), Lin & Nguyen (2022), Nugraheni, Indrasari, & Hamzah (2022), and Andriani & Sudana (2023) research reveals that institutional ownership has a favorable and significant effect on corporate social responsibility disclosure. A company with a larger controlling investment in other institutions, often known as institutional ownership, has stronger degrees of control and supervision. Social standards and financial incentives are two factors considered by institutional ownership when deciding the sort of investment. Social norms are frequently tied to the production of corporate social responsibility, whereas financial incentives are linked to financial gains. As a result, organizations with poor social responsibility are more vulnerable to the risk of negative outcomes such as bankruptcy or delisting. CSR is a method of keeping institutional investors engaged in firms while also maintaining the company's reputation.

The Effect of Public Ownership on Corporate Social Responsibility Disclosure

Following speculative testing with both model 1 and model 2 (with control factors), the results revealed that public ownership has a positive and significant impact on exposure to corporate social responsibility. As a result, hypothesis 3 is accepted. The propensity to invest in enterprises might be influenced by public ownership. Apart from publishing financial statistics, the company must also display its advantages, which may be done by developing a favorable company image in the eyes of the public through CSR initiatives or programs (Latifah & Widiatmoko, 2022). Because the company has a formal link between shareholders as principal and management as agent, and the owner expects management to play a role in optimizing the company's resources, agency theory refers to public ownership. To entice the public to invest, the corporation must present its interests, particularly its social initiatives.

In conjunction with agency theory, managers as agents contemplate growing public share ownership in order to receive bonuses since investors are going to invest additional funds. Growing public ownership as the guiding principle will push corporations to boost corporate social responsibility disclosure in order to create trust that the company is in excellent condition. Stakeholder theory points out that a corporation will seek to assist or have a beneficial impact on all stakeholders rather than operating in its own interests. According to stakeholder theory, corporations with an elevated degree of public ownership as stakeholders will strengthen public trust that the business is contributing positively by reporting a greater amount of corporate social responsibility.

This study is strengthened by studies by Rahayu and Hastuti (2020), Metri, Nurwati, and Sarwala (2021), and Latifah and Widiatmoko (2022), all of which suggest that public ownership has a favorable and significant effect on social responsibility disclosure. Companies with a substantial degree of public ownership are viewed to be feasible and pay an acceptable dividend to the public in order to disclose larger societal information. The general public holds a growing number of shares, and the corporation must reveal a growing amount of information. Monitoring the public as a company owner can guarantee that the business's operation is in good shape, improving the level of corporate responsibility disclosure.

The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure with Environmental Performance as Moderating Variable

The interaction variable between managerial ownership and environmental performance (MO*EP) has an insignificant effect on corporate social responsibility disclosure, according to hypothesis testing using both models 1 and 2. The association between managerial ownership and corporate social responsibility disclosure cannot be moderated by environmental performance. As a result, hypothesis 4 is rejected. This suggests that environmental performance has failed to pique management's enthusiasm in establishing corporate CSR for the environment.

Because there remain so many organizations that are indifferent about sustainable development, environmental performance cannot be a moderator of any impact of management ownership on CSR disclosure. Because the company is solely concerned with profit, it pays little consideration to the condition of the environment. The outcomes of this study do not support the use of agency theory as a theoretical framework for this investigation. In the present research, environmental performance is unable to demonstrate the validity of agency theory because, according to agency theory, corporations must demonstrate beneficial beliefs when executing corporate social responsibility in order to get attention and good value from society (Bags, 2017). This backs up the findings of Andriani and Sudana (2023), who indicate that environmental performance is still not able to modify the association between managerial ownership and CSR disclosure. The result is that improving environmental performance has not reduced the impact of managerial ownership on corporate social responsibility disclosure.

The Effect of Institutional Ownership on Corporate Social Responsibility Disclosure with Environmental Performance as Moderating Variable

The interaction variable between institutional ownership and environmental performance (IO*EP) has a substantial effect on corporate social responsibility disclosure, according to hypothesis testing with both models 1 and 2. The relationship between institutional ownership and corporate social responsibility disclosure can be moderated by environmental performance. As a result, hypothesis 5 is deemed valid. The stronger the institutional ownership, the more moderate the environmental performance, and hence the more moderate the CSR disclosure.

It is likely to prompt increased review moves from institutional shareholders in companies with greater institutional ownership. It is having an effect on entities that will increase their CSR disclosure. According to the principle of agency theory, the corporation in this situation employs social responsibility in terms of environmental performance to build a favorable image of the company (Bags 2017). This is simply because the corporation has improved its environmental performance. To safeguard the environment around them, the institution will encourage its companies to conduct CSR disclosures so that the business's dedication to protecting the ecosystem is transparent to the larger community and companies have a positive image in society.

Favorable environmental performance represents a single of the initiatives that a firm may do to develop a favorable image in the eyes of the public. In this situation, the environmental performance indicator may operate as a moderating factor of the influence of institutional ownership on CSR disclosure. This study's findings are consistent with those published by Andriani and Sudana (2023), demonstrating that environmental performance works as a mediator of the implications of institutional ownership on CSR disclosure.

The Effect of Public Ownership on Corporate Social Responsibility Disclosure with Environmental Performance as Moderating Variable

The interaction component combining public ownership and environmental performance (PO*EP) has a substantial effect on corporate social responsibility disclosure, according to the testing of the hypothesis with both models 1 and 2. The relationship between public ownership and corporate social responsibility disclosure can be moderated by environmental performance. As a result, hypothesis 6 is embraced. This study backs up the outcomes of Naimah (2017) and Octisari & Lestari (2023) studies, which show that environmental performance moderates the influence of public ownership on corporate social responsibility disclosure.

Companies that become public and have listings on the IDX are corporations whose share ownership is partially owned by the public, therefore the public has the right to know about the company's operations as well as its terms as part of the company shareholder. Companies ought to issue reports as a means of disclosing information. The level of share ownership, however, differs from one to the next. One of the factors that might impact the disclosure of corporate social responsibility is public ownership. According to Hery (2022), institutional ownership might be a motivator for firms to declare social responsibility. In light of this, it can be inferred that the larger the institutional ownership, the more the disclosure of CSR actions conducted by the corporation as a kind of productive caution (Sari & Handini, 2021).

The requirement for a greater focus on corporate sustainability is generated, in keeping with stakeholder theory, by aligning the organization with stakeholders, particularly public ownership shareholders. While legitimacy theory stresses the communal or public acceptability of firms, efforts are required to develop a positive perception through environmental performance and disclosure of corporate social responsibility. In accordance with agency theory, the interaction between the company and public ownership is akin to that between the owner (principal) and the management (agent), wherein the latter must persuade the former by fostering a positive reputation by means of disclosure of corporate social responsibility and environmental performance.

CLOSING

Following multiple testing phases, the results indicate that public and institutional ownership has a favorable impact on CSR Disclosure, while management ownership harms CSRD. The impact of institutional and public ownership on CSR disclosure is well moderated by environmental performance; however, the influence of management ownership on CSR disclosure is not successfully moderated. Leverage has no discernible impact on a company's disclosure of corporate social responsibility; but, company size and profitability do.

This research has limitations despite its contributions and ramifications. This study just focuses on the manufacturing industry and only employs the three forms of ownership: institutional, public, and managerial. Different ownership structures, such as foreign ownership and so forth, will be able to clarify the company's stance on CSR disclosure and allow it to further explore its role inside the organization.

Further investigation is required to explore additional industries and business ownership structures.

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