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THE EFFECT OF INSTITUTIONAL OWNERSHIP, FOREIGN OWNERSHIP, LEVERAGE AND AUDIT FIRM SIZE ON CSR DISCLOSURE

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ABSTRACT

This study empirically examines the effect of institutional ownership structure, foreign ownership structure, financial leverage and audit firm size from 2019-2021. The dependent variables used in this study are corporate social responsibility disclosure. This study uses quantitative research methods with secondary data obtained from the annual financial statements of basic material companies listed on the BEI. There are 138 data from 46 companies selected as research samples based on the purposive sampling method. The data processing in this study was tested using the Eviews 10. The results of the regression test showed that institutional ownership had a positive and significant effect on corporate social responsibility disclosure (CSRD), while foreign ownership, financial leverage and audit firm size had no effect on corporate social responsibility disclosure (CSRD).

Keywords: *Institutional Ownership, Foreign Ownership, Financial Leverage, Audit Firm Size, CSR Disclosure.*

1. INTRODUCTION

The number of companies and industries that carry out business activities indicates the development of business activities in a country. Establishing a company can contribute to the growth of economic conditions and social welfare in the region. However, besides being seen as a valuable institution that provides many benefits to society, the existence of a business also has the potential to cause natural damage [1]. The damage to nature is caused by the company's business operations and practices that can lead to natural disasters, climate change, environmental pollution and other social problems [2].

In recent years, the discussion of corporate social responsibility has gained the attention of many people worldwide, ranging from the general public to investors, governments, and creditors [3]. Companies are forced to assume greater responsibility towards stakeholders and the general public due to the social pressures in their daily business operations. Multi-stakeholder support and attention to environmental and social issues that appear in various mass media reports ultimately encourage companies to address environmental and social problems that arise in the areas where they operate. This is known as corporate social responsibility (CSR).

Corporate Social Responsibility (CSR) is a concept of social responsibility in which companies must sustainably benefit stakeholders financially and socially in the long term. Companies have the option to engage in CSR programs if they realize that their business operations are not only obliged to fulfil their commitments to stakeholders but also to meet stakeholders' expectations. This study was conducted to determine the causes affecting CSR disclosure in basic material sector companies listed on the Indonesia Stock Exchange in 2019-2021. The ratios used in this study are institutional ownership, foreign ownership, financial leverage and audit firm size.

The ownership structure of a company is obtained by comparing the number of shareholdings in a company. A company can be owned by the government, individuals, the public, foreign investors, or other parties within the company. Institutional ownership is the ownership of company shares by institutions (business entities). Meanwhile, foreign ownership refers to the number of shares owned by foreign parties (abroad), both by individuals and institutions, against company shares in Indonesia. The more parties are interested in learning about the company's business, the more detailed the disclosure of social responsibility by the company.

Financial leverage is obtained by calculating the total book value of all debt to the total assets or assets of the company. Creditors will pay more attention to companies with high levels of leverage. While, audit firm size is obtained by looking at the size of the auditor company (KAP) whose services are used to audit related companies.

The consideration of choosing the basic materials sector is because this sector is one of the fields that has an important role in development in Indonesia. Many global and local companies are competing to expand their business due to the rapid growth in Indonesia. This is like a double-edged sword because, on the one hand, this business can provide raw materials for the production process of other sectors and benefit shareholders. Still, on the other hand, it causes a lot of environmental pollution through the company's operations.

Based on events in mid-2022, there was a problem related to PT Timah Tbk, which is included in the industry in the basic materials sector, where tin miners and fishermen on Bangka Island were involved in a conflict over marine products. The lives of residents have been destroyed by tin mining on Bangka Island, which has made the island arid, full of holes, critical clean water sources, and the death of coral reefs, causing a reduction in coral fish. The results of environmental research indicate that toxic and carcinogenic heavy metals have polluted Bangka Island, which has destroyed coral reefs and forced many fishermen to look for alternative sources of livelihood. Walhi noted that from 2017 to 2020, tin mining incidents on land and sea have resulted in at least 59 fatalities. The relevant authorities also found allegations of environmental damage to fish resources and coastal waters at the end of February 2020 due to the disposal of tin waste (tailings) that did not pay attention to the standards of prevention, pollution and coastal damage in Matras by KIP Octopus 1.

According to a global survey by The Economist Intelligence Unit, 85% of top executives and investors from various companies have made CSR a critical factor in decision-making [4]. Also, more and more businesses see the value of corporate CSR initiatives as a component of the overall business continuity strategy and as a way to build credibility with society [5]. This means that CSR plays a vital role in the company. Extensive and complete CSR disclosure can be a component of interaction that companies use with stakeholders to explain business ethics and foster a positive reputation for the company.

Legitimacy Theory

Legitimacy theory emphasizes that company activities must be in line with and pay attention to the values and social norms that apply in the community where the company is located with the aim that the company is accepted by outsiders as legitimate [6]. However, it must also be accepted that there will be a gap between the values the company holds and those the community believes. The difference between the company's values and the social values of society is often called the legitimacy gap, which can hamper the company's capacity to continue business activities. One way to reduce the legitimacy gap is to disclose responsibility for environmental, social and corporate governance practices. That way, the company will get recognition from the community for creating harmony between the values and norms of the company and those of the community, which will impact the company's sustainability so that superior performance is obtained.

Signalling Theory

Signalling theory is a theory that states that in a transaction, the parties involved have various levels of information that differ from each other, where the data is considered a signal that has a trustworthy value [7]. Companies consider this signal a critical factor that influences the assessment of outsiders to investment decisions. As a result, the signal that the company wants to announce must have information strength that can change the views of external parties regarding the company's valuation. Non-financial information disclosure, such as corporate social responsibility disclosure, can also be viewed as positive signals expected to be received by other parties who have the power to influence decision-making. Investors may respond favourably if businesses disclose non-financial information about environmental, social and corporate governance responsibilities.

Stakeholder Theory

A stakeholder theory is one of the strategic issues regarding how companies manage relationships with stakeholders [8]. According to this theory, companies must pay attention and provide benefits to stakeholders because their existence can affect or be affected by company policies in business activities. This theory also explains that stakeholders are a group of people or individuals who influence the achievement of company goals either directly or indirectly. The existence of stakeholders can influence company policies that have an impact on its business activities. To maintain and support the company's survival, the company needs to seek support from each stakeholder for the business activities carried out. The search for help can be done by disclosing information about company activities from the financial and non-financial sides. Disclosure of company information is important to maintain relationships and improve the company's reputation with stakeholders.

Corporate Social Responsibility Disclosure (CSRD)

Disclosure is the presentation of information necessary for the capital market to operate as efficiently as possible [9]. By its nature, disclosure can be divided into two categories: voluntary disclosure of information exceeds the minimum requirements of applicable regulations. At the same time, the other is mandatory, where companies must disclose information based on rules or specified criteria. Disclosure by companies is an important medium to communicate a company's economic, environmental and social performance. Disclosure of corporate social information is carried out with various objectives, one of which is to build an excellent corporate image and get the attention of stakeholders.

There are many ways to gain loyalty or trust from stakeholders and realise more value for the company, one of which is to increase the company's credibility through more expansive voluntary disclosures to help investors understand management's business strategy. The revelation of social information in the annual or separate report is intended to reflect corporate accountability, responsibility, and transparency to investors and other stakeholders.

Disclosure of corporate social information is carried out with a variety of objectives, one of which is to build a good corporate image and get the attention of stakeholders. Some things related to the company's CSR disclosure include the following: a) Environment includes efforts to control pollution, mitigation or restoration of environmental damage, nature conservation, and other disclosures related to the environment; b) Energy, including energy conservation, energy efficiency; c) Sound business practices, including empowerment of minority groups and women, support for minority businesses, social responsibility: d) Human resources, including activities related to a community, such as health services, education, and arts in the community; e) Products, including safety, security, and pollution reduction.

Institutional Ownership

Institutional ownership is the ownership of company shares by institutions (business entities), include banks, pension funds, insurance, mutual funds, and other institutions. A high level of institutional ownership will lead to increased supervision of a company by institutional investors, thereby inhibiting the opportunistic behaviour of managers. Institutional ownership can also reduce institutional and agency problems by improving the monitoring process [10].

Institutional investors are typically large shareholders because they have large amounts of capital or funding. Institutional investors, who can be referred to as owners, have a great interest in building the reputation of the company they own. So, it is concluded that the greater the percentage of institutional ownership in the company, the greater the pressure on company management to fulfil its social responsibility disclosure.

In stakeholder theory, it is stated that the company in carrying out its business activities must provide benefits or a positive impact on the entire surrounding community and stakeholders, not as an entity that only operates for its interests. It can be said that the positive effect of institutional ownership on CSR disclosure is that companies that have high institutional ownership as stakeholders will provide positive benefits, namely maintaining the company's good name or reputation through increased corporate social responsibility (CSR) disclosure. In addition, high institutional ownership can encourage a company to disclose corporate social responsibility (CSR) more complete and extensive items.

H1 : Institutional ownership has a significant positive effect on CSR disclosure.

Foreign Ownership

Foreign share ownership refers to the number of shares owned by foreign parties (abroad), both by individuals and institutions, against the shares of companies in Indonesia. Foreign ownership in the company is an interested party and is considered to be concerned about the company's corporate social responsibility (CSR) disclosure [11]. From the point of view of the company's stakeholders, CSR disclosure is one of the media used to show the company's concern for the surrounding community. In other words, companies will get more support in making corporate social responsibility (CSR) disclosures if they have contracts with foreign stakeholders in ownership and trade. It can also be an encouragement and motivation for companies to start changing their behaviour in their activities and business operations to maintain the company's reputation and legitimacy.

In line with legitimacy theory, the company activities must be in line with social norms and can deliver the desired goals to distribute benefits either in the economic, social, or political fields. Companies that have higher foreign ownership tend to make greater CSR disclosures because they are based on a greater level of concern for financing their environmental and social activities. In addition, the more parties that need and use information about the company to make investments, the more demand for information to be disclosed in the reports published by the company. Therefore, more extensive and complete corporate social responsibility (CSR) disclosures are required to fulfil these expectations.

H2 : Foreign ownership has a significant positive effect on CSR disclosure.

Financial Leverage

The funding needs of a company can be met from its capital sourced from equity (share capital) and retained earnings. If the company's funding from its capital still shows a shortage (deficit), it is necessary to consider a budget from outside the company, namely from debt (leverage). The term leverage is often used to define the ability of a company to use assets or funds with fixed costs to increase the level of income (return) for company owners. Financial leverage is a ratio used to measure how much a company uses capital and debt to finance its assets [12]. Financial leverage is also considered a prerequisite for formulating an optimal debt or financing policy for the company that can impact the company's value and the welfare of shareholders through capital cost savings. Determining the ideal debt value and its impact on the company's debt policy is an important part that cannot be separated (integral) from the company's financing (financial) decisions.

Investors will see a company's financial leverage as a consideration and ascertain whether the company can fulfil its funding needs by using a large amount of debt. The higher level of debt owned by the company will lead to high demands for corporate profit targets, this is due to the high level of risk as a result of high debt. If the company has a high level of leverage, it shows that its financial condition is getting worse and depends on external loans to operate. Meanwhile, a company with a low level of leverage means that it can finance its operations with its funding. Since the company's debt comes from creditors, a high level of leverage will have an impact on CSR disclosures made by the company. The intensity of CSR disclosure will increase as leverage increases. The greater flow of corporate funds sourced from debt is expected to encourage an increase in the number of corporate social responsibility disclosures as evidence of the company's effectiveness in using its debt. By signalling theory, leverage is considered a signal that encourages companies to increase their CSR disclosure.
H3 : Financial leverage has a significant positive effect on CSR disclosure.

Audit Firms Size

Audit firm size refers to the public accounting firm (KAP) whose services are used by the company. According to the perspective of stakeholder theory, there are two procedures for supervision, including companies supervised by internal parties and supervised by external parties carried out by external auditors. The existence of an external auditor is one of the corporate governance tools that can minimise conflicts of interest between principals and agents, namely by examining the disclosures made by companies audited by the KAP [13].

A good KAP can examine the disclosure of information made by companies that use its services in detail. Brooks et al. (2019) investigated how corporate social responsibility can be influenced by auditor tenure, company size, company age, company growth and company profitability. Public accounting firms (KAP) as external auditors are responsible for complying with international auditing standards and overseeing greater information disclosure than local audit firms, which are generally smaller than multinational companies.

Large KAPs are considered to have more power than small KAPs to be able to influence their clients, so they will disclose more information about financial and non-financial aspects in the annual report, including information about CSR. In addition, large KAPs also have more concern for the company's reputation, thus requiring the disclosure of more information from their clients.

H4 : Audit firm size has a significant positive effect on CSR disclosure.

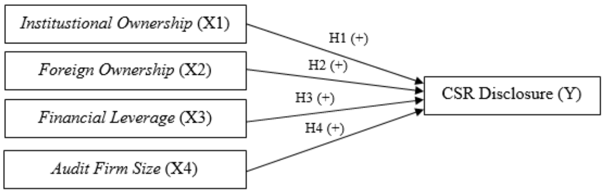

Figure 1. The Research Model

2. RESEARCH METHOD

In this study, the population used is a basic material sector company listed on the Stock Exchange Indonesia during the 2019-2021 period. Furthermore, the sample selection in research uses a purposive sampling technique with this following sample criteria: (1) Basic materials companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021; (2) Basic materials companies that publish annual reports dated 31 December 2019-2021; (3) Basic materials companies that disclose corporate social responsibility during 2019-2021; (4) Basic materials companies with complete data on ownership structure, foreign ownership, financial leverage and audit firm size. The selected sample is 46 companies with 138-panel data (46 samples times three periods) that were analyzed using multiple regression analysis and proceeded using E-views software. The dependent variable is CSR disclosure. On the other hand, the independent variable are institutional ownership, foreign ownership, financial leverage and audit firm size which explained in the Table 1 as follows:

Table 1. Operational Variables and Measurement

Variable	Proxy	Scale	References
CSR Disclosure	$CSRD = \frac{number\ of\ items\ disclosed\ by\ the\ company}{number\ of\ items\ expected\ by\ the\ company}$	Rasio	Yuli, Selfi dan Jojor (2022)
Institutional Ownership	$INS = \frac{number\ of\ shares\ owned\ by\ institutions}{number\ of\ shares\ outstanding}$	Rasio	Rivandi, M. (2021)
Foreign Ownership	$ASING = \frac{number\ of\ shares\ owned\ by\ foreigners}{number\ of\ shares\ outstanding}$	Rasio	Rivandi, M. (2021)
Financial Leverage	$LEV = \frac{total\ liabilities}{total\ assets}$	Rasio	Bassam, M dan Said S. (2019)
Audit Firm Size	Using dummy variables, given a value of 1 if the audit firm size is included in the top ten, and 0 if the audit firm size is not included in the top ten	Nominal	Bassam, M dan Said S. (2019)

3. RESULTS AND DISCUSSIONS

This study used panel data, which is a combination of cross-sectional and time-series data. In determining the analysis model to be used, this study carried out Chow Test and Hausman Test. Based on Chow test, the cross-section value is 0.0000 which is lower than 0.05. It means that the estimation model chosen from the Chow test or likelihood is the fixed effect model (FEM). Then, the panel data test is continued to Hausman test. According to Hausman test, the cross-section value is 0.0173 that is lower than 0.05 meaning that the chosen model in Hausman test is fixed effect model (FEM). Hence, the model that is chosen for this research is fixed effect model (FEM).

After carrying out panel data test, the descriptive statistic test will be conducted. Here is the result descriptive statistical test of 138 samples of dependent and independent variable data basic materialcompanies used in research that can be seen in the following table.

Table 2. Statistic Descriptive Test

	CSRD	INS	ASING	LEV	AUDIT
Observations	138	138	138	138	138
Mean	0.580580	0.483997	0.187043	0.502391	0.586957
Maximum	0.850000	0.986900	0.997800	2.820000	1.000000
Minimum	0.170000	0.000000	0.000000	0.010000	0.000000
Std. Dev	0.140862	0.333502	0.282109	0.345204	0.494174

The results of the min and max CSRD values explained that the companies used as samples made the lowest disclosure of 17.00% and the highest of 85.00% of the total CSR disclosure. The average value of CSRD shows that the average sample of companies in this study revealed CSR as much as 58.05% of the total points. Thus, Basic Material sector companies listed on the IDX in the 2019-2021 period have a medium average CSRD. The size of the CSRD variable data distribution was 0.1408 from 138 samples used.

Institutional Ownership (INS) has a minimum value of 0.00 and a maximum value of 0.98. The average value of institutional ownership (INS) is 0.4839, this indicates that of the 138 data used, the average company has institutional ownership of 48.39% in its company ownership structure. The size of the data distribution of institutional ownership (INS) was 0.3335 from 138 samples used.

Foreign Ownership (ASING), has a minimum value of 0.00 and a maximum value of 0.99. The average foreign ownership (ASING) value is 0.1877, which shows that out of 138 data used, the average company has 18.77% foreign ownership in its ownership structure. The size of the data distribution of the average foreign ownership (ASING) was 0.282109 from 138 samples used.
Financial Leverage (FIRMLEV) has a minimum value of 0.01 and a maximum value of 2.82. From the average leverage value, it shows that Basic Material sector companies listed on the IDX in the 2019-2021 period have an average used 50.24% of its debt to finance asset purchases. The size of the data spread of variable leverage (LEV) was 0.345204 from 138 samples used.

Audit firm size (AUDIT) calculated with dummy variables, where if the audit company used by the sample company is in the Top 10 KAP, then the number 1 and vice versa is given. This variable has a minimum value of 0 and a maximum value of 1. From the average audit firm size (AUDIT) value, it shows that Basic Material sector companies listed on the IDX in the 2019-2021 period amounted to 58.69% of the total 138 samples using the services of the Top 10 audit company. The size of data distribution from variable audit firm size (AUDIT) was 0.494174 from 138 samples used.

This research also has fulfilled classic assumption tests, such as normality test, multicollinearity test, heteroscedasticity test, and auto-correlation test. This study used the Jarque-Bera test in conducting normality tests. The Jarque-Bera probability value is 0.346085, which means the data used in the study are normally distributed. To see if there is an autocorrelation occurs between the variables, this study used Durbin-Watson test. Based on Table 6, Durbin-Watson value is 1.950417. Thus, it can be concluded that the data used in the study were not exposed to autocorrelation.

Table 3. Normality Test

		Information
Jarque-Bera	2.122142	
Prob.	0,346085	Normal

According to the multicollinearity test, all independent variable's coefficient was less than 0.80, which means that there are no multicollinearity issues with the correlation between the independent variables. The heteroscedasticity test is using the Resabs Test to check if the variable have any heteroscedasticity. The heteroscedasticity tests reveal that all independent variables have fulfilled the criteria needed to pass the test. This indicates that there is no heteroscedasticity in the regression model.

Table 4. Multicollinearity Test

Variable	INS	ASING	LEV	AUDIT
INS	1	-0.6441	0.1440	0.1319
ASING	-0.4047	1	-0.0324	0.1750
LEV	0.1440	-0.0324	1	0.0143
AUDIT	0.1319	0.1750	0.0143	1

Table 5. Heteroscedasticity Test

Variable	Coefficient	t-stat.	Prob.
C	0,0159	1,4420	0,1528
INS	-0,0025	-0,1885	0,8509
FOREIGN	-0,0007	-0,0547	0,9565
LEV	0,0019	0,2519	0,8017
AUDIT	0,0042	0,3773	0,7068

The following are the results of multiple regression analysis based on the selected fixed effect model.

Table 6. Regression Analysis

Variable	**Coefficient**	**Prob.**
C	0.570466	0.0000
INS	0.063834	0.0482
FOREIGN	-0.028661	0.3601
LEV	0.002731	0.8829
AUDIT	-0.028609	0.2783
R-Squared		0.970346
Adjusted R-Squared		0.953835
F-Statistic		58.76748
Prob (F-Statitic)		0.000000
Durbin-Watson Stat		1.950417

Based on the data from Table 3, the regression equation is as follows:

$$\text{CSRD} = 0.570466 + 0.063834\ \text{INS} - 0.028661\ \text{ASING} + 0.002731\ \text{LEV} - 0.028609\ \text{AUDIT} + e$$

(*Note: INS: Institutional Ownership, ASING: Foreign Ownership, LEV: Financial Leverage, AUDIT: Audit Firm Size, CSRD : Corporate Social Responsibility Disclosure*)

From the multiple regression analysis, we can get the adjusted R2 result shown Table 6. The adjusted R2 value is 0,9538. It indicates that or 95,38% of the dependent variable (CSRD) can be

explained by the independent variables in the form of institutional ownership, foreign ownership, financial leverage, and audit firm size. While the rest, which is 4,62% is explained by other variables apart from the variables used in this study.
Also, the F-test shows the probability is 0,0000. Means that the independent variable in this study simultaneously affects the dependent variable.

Table 7. Hypothesis Test Result

Variable	Coefficient	t-stat.	Prob.	Conclusion
INS	0,0638	2,0032	0,0482	Accepted
FOREIGN	-0,0286	-0,9199	0,3601	Rejected
LEV	0,0027	0,1476	0,8829	Rejected
AUDIT	-0,0286	-1,0908	0,2783	Rejected

Effect of Institutional Ownership on CSR Disclosure
Based on the test results of the fixed effect model in table 7 it is known that the profitability variable has a positive t- statistic of 2.003294 means that the effect of profitability on the return on assets proxy is positive. This signifies that when institutional ownership increases, CSR disclosure will also increase. On the other hand, if institutional ownership decreases, then CSR disclosure also decreases. Furthermore, in the test results, it is also known that the value of the probability of profitability is 0.0482, which is smaller than the level significance of 5% (0.0482 < 0.05). Therefore, it indicates that institutional ownership's effect on CSR disclosure has the following characteristics: significant. Therefore, based on the t-statistic and probabilities described previously, it can be concluded that institutional ownership positively and significantly affects CSR disclosure.

In this study, the average institutional ownership generated by the sample companies is high, which can affect CSR disclosure by companies. This positive and unidirectional impact can be created because the focus of institutional owners in the form of organizations, institutions or companies is the profitability of the company, which has the potential or direct impact on the return that institutional owners will obtain from their investment in a company. In addition, the positive and significant effect of institutional ownership on CSR disclosure can be defined as companies with high institutional ownership as stakeholders will provide assurance and confidence that the company can provide positive benefits, especially maintaining a good corporate reputation through increased CSR disclosure.

Effect of Foreign Ownership on CSR Disclosure
Table 7 shows the t-statistic value of the resulting foreign ownership is 0.919907 with a negative value. It indicates that when foreign ownership increases, CSR disclosure decreases. On the other hand, if foreign ownership decreases, corporate CSR disclosure increases. While the probability value is generated by a value of 0.3601, which is greater than the 5% significance level, indicating that there is no significant effect of the foreign ownership variable on the corporate social responsibility disclosure variable. Based on the t-count value and profitability generated previously, it can be concluded that foreign ownership has no effect on CSR disclosure.

The results of this study indicate that foreign ownership has no-effect on CSR disclosure. This is because the large number of shares owned by foreigners weakens management control. After all, if it is related to agency theory, foreign ownership can supervise management in decision-making. In addition, the absence of influence between foreign ownership and corporate CSR disclosure is possible because companies with a large percentage of foreign shareholding more often face information asymmetry problems due to geographical and language barriers. As a result, such companies do not report or disclose information voluntarily or on a broader scale.

Effect of Financial Leverage on CSR Disclosure

Table 7 shows that the t-statistics value of financial leverage has a positive value of 0.147666. The value indicates that the relationship between financial leverage and CSR disclosure is direct or positive. It means that if financial leverage experiences increase, CSR disclosure will also increase. On the other hand, if financial leverage decreases, CSR disclosure also decreases. Furthermore, on the probability value of financial leverage, the resulting value of 0.8829 is greater than the 5% significance level. This indicates that financial leverage does not have a significant effect significant to CSR disclosure.

So from these two results, it can be concluded that financial leverage has no effect on CSR disclosure. Based on stakeholder theory, management of highly leveraged companies will tend to reduce the information in CSR disclosure to avoid being in the spotlight of creditors (debtholders). Therefore, management will try to disclose corporate social responsibility to a minimum to prevent pressure from creditors. This also shows that the relationship and good performance established and shown by the company to its creditors can make creditors pay less attention to the company's leverage ratio, making the relationship between the leverage ratio and CSR disclosure no longer significant.

Effect of Audit Firm Size on CSR Disclosure

Table 7 shows the t-statistic value of the resulting audit firm size is 1.090876 with a negative value. From this value, audit firm size has the opposite effect or negative to CSR disclosure. When audit firm size experiences an increase, CSR disclosure will decrease. On the contrary, when audit firm size decreases, CSR disclosure increased. Furthermore, the probability of audit firm size generated a value of 0.2783, which is greater than the 5% significance level. This signifies that audit firm size has no-significant influence on CSR disclosure. Based on the t-count value and profitability generated previously, it can be concluded that audit firm size has no effect on CSR disclosure.

Audit firm size is classified based on top ten KAP and non-top ten KAP. The absence of the effect of audit firm size on CSR disclosure may occur because KAP believes that the disclosure of corporate social responsibility is not a significant and crucial thing in the annual report, so providing more recommendations to companies to report their social activities by International Standards is unnecessary. This means that whether or not the size of the KAP, whose services are used by the company, will not affect its CSR disclosure. In addition, the existence of KAP as an institution appointed by the government to carry out its duties to audit the company's financial statements has a function to maintain the quality of financial statements or annual reports used by stakeholders as a basis for economic decision-making and not to pressure companies to make disclosures. Thus, the size of KAP (audit firm size), whether classified as top ten or not, will not affect the extent of disclosure made by the company.

4. CONCLUSION AND SUGGESTION

The institutional ownership has a significant positive impact on CSR disclosure. This can happen because companies with high institutional ownership as stakeholders will provide assurance and confidence that the company can provide positive benefits, especially maintaining a good corporate reputation through increased CSR disclosure.

The study shows that there is a negative influence from foreign ownership towards CSR disclosure because the large number of shares owned by foreigners weakens management control. In addition, the absence of influence between foreign ownership and corporate CSR disclosure is possible because companies with a large percentage of foreign shareholding more often face information asymmetry problems due to geographical and language barriers.

Also, the financial leverage variable does not significantly impact on CSR disclosure because management of highly leveraged companies will tend to reduce the information in CSR disclosure to avoid being in the spotlight of creditors (debtholders). Therefore, management will try to disclose corporate social responsibility to a minimum to prevent pressure from creditors.

And last, audit firm size has no effect on CSR disclosure. The absence of the effect of audit firm size on CSR disclosure may occur because KAP believes that the disclosure of corporate social responsibility is not a significant and crucial thing in the annual report. This means that whether or not the size of the KAP, whose services are used by the company, will not affect its CSR disclosure.

Because the sample used in the study was only limited to the Basic Material sector listed on the Indonesia Stock Exchange (IDX), so it could not describe the whole company in other sectors. In addition, the observation period carried out is only three years, is short enough to make the research results not applicable for the next period or for a long period of time. Consequently, future research can extend the research period so that the results obtained are more accurate and describe the company's position in the long term. From the discussion above, only one variable that can met the requirement, and so future research can add other independent variable or using moderation variable which is expected to increase the level of relevance in CSR Disclosure.

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