



## **Institutional Ownership and Foreign Ownership on CSR Disclosure: Evidence from Mining companies in Indonesia**

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### **Abstract**

This study aims to determine whether institutional ownership and foreign ownership affect CSR disclosure in mining companies listed on the IDX. This research includes causal research using quantitative methods. The population in this study is mining companies listed on the BEI. The sample selection was carried out using the purposive sampling method, namely the selection of samples that were not random where information was obtained using specific considerations which were generally adjusted to the objectives or research problems so that a piece of 10 companies was brought that matched the established criteria and was analyzed using the multiple linear regression method. The accuracy of the sample regression function in estimating the actual value can be measured from its goodness of fit. Statistically, at least this can be calculated from the value of the coefficient of determination, the value of the F statistic, and the value of the t statistic. The study results show that institutional ownership and foreign ownership have a positive and significant impact on the CSR disclosure of mining companies listed on the Indonesia Stock Exchange in 2018-2020.



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## **Introduction**

Corporate Social Responsibility (CSR) is an idea that makes corporate responsibility not only based on a single bottom line, namely the projected company value with financial performance measures only but corporate responsibility must be based on a triple bottom line which also pays attention to social and environmental issues (Darma et al., 2019; Murdifin et al., 2019). The Global Compact Initiative (2002) calls this understanding the 3Ps (profit, people, planet), which means that business goals are not only for profit, but also for the welfare of people (people), and ensuring the

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sustainability of the planet (Firdausy, 2017).

Now the financial condition alone is not enough to guarantee the company's value to grow sustainably (Nurwanah et al., 2021). The company's sustainability will only be guaranteed if the company pays attention to the social and environmental dimensions. It is a fact that the resistance of the local community, in various places and times, has surfaced against companies that are considered not to pay attention to social, economic, and environmental aspects of their lives. By showing CSR through CSR disclosure in the media included in the company's annual report, the company will gain social legitimacy (Rahma Putri et al., 2013). The Indonesian government has established various regulations related to the environment, including Law No.23 of 1997 on environmental management and various implementing regulations. Article 6 paragraph 2 of Law no. 23 of 1997 reads, "Everyone who carries out a business and activity are obliged to provide accurate environmental management information."

To complete the implementation of environmental management, the government, through the State Ministry of Environment (KNLH), has established the Company Performance Rating Program in Environmental Management (PROPER) as a form of supervision and efforts for transparency community involvement in environmental management. The decision of the Chairman of BAPEPAM and Financial Institutions through No. Kep-BU/BL/2006, which came into effect on December 7, 2006, also requires the company's annual financial report to contain a description of the activities and costs incurred related to the company's CSR towards society and the environment. Based on PSAK No.1 of 2012 (revised 2004), paragraph nine has explicitly suggested disclosing the responsibility for corporate social and environmental issues. However, the disclosure items and how they are told have not been regulated in detail.

Awareness of the need to protect the environment is also regulated by the Limited Liability Company Law no. 40 Article 74 of 2007, where companies conducting business activities in the field/related to natural resources are required to carry out CSR and the environment. The law is the basis that CSR disclosure is a mandatory disclosure for every company in Indonesia, no longer voluntary disclosure. CSR disclosure is regulated in Law no. 40 Article 66 paragraph 2 of 2007, which states that the annual report contains CSR and environmental statements. Disclosure of CSR in the company's annual report is a form of transparency of the company's performance to the public following the principles of good corporate governance. Nowadays, many companies disclose their environmental and CSR performance through annual reports or separate reports. This is due to the increasing global pressure on the business world and demands for corporate accountability, responsibility, and transparency for its performance and CSR (Yanti et al., 2021).

These global pressures also affect the capital market, resulting in the emergence of forms of CSR implementation in the capital market sector, such as the application of an index that includes the category of shares of companies that have practiced CSR. For example, the New York Stock Exchange has the Dow Jones Sustainability Index (DJSI) for company shares categorized as having corporate sustainability values . One of the criteria is CSR practices. Likewise, the London Stock Exchange has a Socially Responsible Investment (SRI) Index. Stock exchange authorities have followed this initiative in Asia, such as the Hanseng Stock Exchange and the Singapore Stock Exchange. The consequence of the existence of these indices is that global investors such as pension funds and

insurance companies will only invest their funds in companies that are already included in the index.

One of the significant ownership structures in a company is institutional ownership. Institutional ownership is the ownership of company shares which are majority owned by institutions or institutions (insurance companies, banks, investment companies, asset management, and other institutional ownership) (Dewi & Suaryana, 2015). Institutional ownership is the largest shareholder, so it is a means to monitor management. Institutional investors can ask the company's management to disclose social information in its annual report for transparency to stakeholders to gain legitimacy and increase the company's value through the capital market mechanism to affect the company's share price. The dominant growth of institutional ownership in the capital market reflects institutional investors' concentration and increase in wealth. So that the decisions of institutional investors in the capital market impact the value of the company's shares.

Mahoney & Robert, (2007) stated that institutional investors consider the company's low corporate social performance to be a risky investment. The risk comes from the cost of sanctions due to ignoring existing regulations (mandatory disclosure). Therefore, the company does not only pay attention to financial performance but also must pay attention to social activities, which will later be disclosed in the company's annual report so that corporate social activities are part of the company's operational activities. Another form of ownership structure is foreign ownership. In the past two decades, foreign ownership in Indonesia has experienced a very rapid increase, affecting economic growth and competition patterns. The rapid growth of foreign ownership will make foreign companies experience pressure from the surrounding community. If foreign companies cannot provide social and environmental benefits, it will worsen the reputation of foreign companies in society.

Foreign ownership in the company is a party that is considered serious about the company's CSR disclosure. Countries such as Europe and the United States are countries that are very concerned about social issues such as violations of human rights, education, labor, and environmental problems such as the greenhouse effect, illegal logging, and water pollution. This is also what makes in recent years, multinational companies have begun to change their behavior in operating in order to maintain the legitimacy and reputation of the company (Barkemeyer, 2007).

Multinational companies or with foreign ownership mainly see legitimate benefits from their stakeholders, which are typically based on the home market (the market where they operate) which can provide a high existence in the long term (Djakman & Machmud, 2008; Rustiarini, 2011). CSR disclosure is one of the media chosen to show the company's concern for the surrounding community. In other words, if the company has contracts with foreign stakeholders in both ownership and trade, the company will be more supported in disclosing CSR (Ale, 2014).

There is a relationship between institutional ownership, foreign ownership of CSR disclosure. Some of these studies, among others, examined by Coffey & Fryxell (1991) examined the company's responsiveness to social issues as proxied by the number of women who entered the board of directors, CSR which was proxied by social activities that were assisting, and the management of social issues their influence on institutional ownership. The results of this study show that corporate responsiveness has a positive effect on institutional ownership, CSR is not significant on institutional ownership, and social issue management negatively affects institutional ownership.

Waddock & Graves (1994) examined institutional ownership as proxied by the number of

institutions that have shares in a company and proxied by the percentage of shares owned by institutions in a company on corporate social performance. The results of this study, institutional ownership as proxied by the number of institutions that have claims in a company has a significant positive effect on corporate social performance. Meanwhile, as proxied by the percentage of shares owned by institutions in a company, institutional ownership has a positive but not significant effect on corporate social performance. The results of research by Djakman & Mahmud, (2008) found that institutional ownership, foreign ownership, and the category of BUMN and non BUMN companies did not have a significant effect on CSR disclosure, while company size had a positive effect on CSR disclosure. Research conducted by Mahoney & Rahman, (2007) found that there is no significant relationship between institutional ownership and exposure of corporate social performance.

Research on institutional ownership and foreign ownership of corporate CSR disclosures is still little done in Indonesia. Some research results are still found that institutional ownership and foreign ownership have a negative effect on corporate CSR disclosure. However, theoretically, the higher institutional and foreign ownership, the tighter control over the company's management for conducting and disclosing corporate social activities. Many previous studies have shown that corporate social responsibility disclosure increases every year. Many companies are increasingly realizing the importance of CSR programs as part of their corporate strategy and gaining legitimacy by the community. This encourages researchers to re-examine these variables. This study tries to re-examine the variables of institutional ownership and foreign ownership of the company's CSR disclosures in the annual report.

Basically, this research refers to the research that has been done by (Fauzi, Mahoney & Rahman 2007; Machmud & Djakman 2008). In this study, researchers tried to examine the structure of institutional ownership and foreign ownership of CSR disclosure activities carried out by companies in Indonesia. This research was conducted because based on previous research, it still shows that institutional ownership and foreign ownership do not offer a significant effect on the company's CSR disclosure activities. The difference in this study from several previous studies can be seen from the control variables that they include in their research. While in this study did not use control variables.

## **Theoretical Framework and Hypotheses**

Stakeholder theory says that the company is not an entity that only operates for its interests but must benefit its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts, and other parties). Thus, the company's existence is greatly influenced by the support provided by stakeholders to the company. Stakeholder theory is generally related to how companies use to manage their stakeholders. Ullman, (1985) argues that stakeholders are related to the strategic posture adopted by the company. The strategic posture describes the reaction model shown by the company's key decision makers to social demands. Therefore, stakeholder theory basically sees the outside world from its management perspective.

How management depends on the strategy adopted by the company, there are two strategic postures that the company will adopt. First, active posture is a strategy that seeks to influence organizational relationships with stakeholders who are seen as influential (Yanti et al., 2021). This

shows that dynamic posture identifies stakeholders and determines which stakeholders have the most significant ability to influence the allocation of economic resources to the company. Great attention to stakeholders will result in high levels of disclosure of social information and high corporate social performance. The second strategy is passive posture. Methods that tend not to monitor stakeholder activities continuously and deliberately do not look for optimal strategies to attract stakeholder attention (Rivandi, 2021). Lack of awareness to stakeholders (in a passive posture approach) will result in low levels of disclosure of social information and low corporate social performance. Stakeholders will influence the implementation and disclosure of CSR. Adherents of active posture will make disclosures following the requests of core stakeholders. Supporters of passive posture will make disclosures reasonably to all stakeholders. So, it is possible to find a different focus in the implementation of each company according to the views of each company.

In a position as part of the community, the company's operations often affect the surrounding community. Its existence can be accepted as a member of the community, its existence should also be threatened if the company cannot adapt to the norms prevailing in the community or even harm members of the community. Therefore, the company through its top management tries to obtain a match between the actions of the organization and the values of the general public and the relevant public or its stakeholders (Dowling & Pfeffer, 1975). This alignment between organizational actions and community values does not always work as expected. Not infrequently there will be a potential difference between the organization and social values that can threaten the legitimacy of the company called the legitimacy gap. Legitimacy theory is derived from the concept of organizational legitimacy, which is defined by Dowling & Pfeffer, (1975) as follows:

*“a condition or status which exist when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exist beetwen the two-value system, there is a threat to the entity’s legitimacy”.*

This means that the company's presence in the community will continue if the company's actions are in line with the values of the community in which the company operates. There will be legitimacy problems if there is a gap between the company's activities and community values. According to The World business council for sustainable development (WBCSD), corporate social responsibility is defined as a business commitment to contribute to sustainable economic growth, through collaboration with employees and their representatives, their families, local communities, and the general public to improve the quality of life by which is beneficial for both the business itself and for development. The concept of corporate social responsibility involves partnership responsibilities between the government, community resource institutions, and local communities. This partnership is not passive and static. This partnership is a shared social responsibility between stakeholders.

The company's CSR is disclosed in the report, both in the annual and sustainability reports. Based on Law no. 40 article 66 paragraph 2 of 2007, CSR disclosure must be included in the annual report. Meanwhile, sustainability reporting is reporting on economic, environmental, and social policies, the influence and performance of organizations, and their products in the context of

sustainable development. Gray (1995) mentions three studies that explain why companies tend to disclose information related to their activities and the impacts caused by the issuer, namely Decision usefulness, Economic Based Theory (Positive Accounting Theory), and Political Economy Theory (PET).

Coffey & Fryxell, (1991) found that a high level of disclosure of corporate social performance will attract investors, especially institutional investors. There is a positive relationship between companies' institutional ownership and responsiveness to social issues as indicated by the number of women included in the board of directors. Meanwhile, there is no significant relationship between institutional ownership and CSR as characterized by assisting social activities. Waddock and Graves (1994) found that institutional ownership indicated by the number of institutions that have shares in a company has a significant positive effect on corporate social performance. Meanwhile, institutional ownership displayed by the percentage of shares owned by a company institution has a positive but not significant impact on corporate social performance.

Turban & Greening, (2000) state that institutional investors see long-term benefits from corporate involvement in corporate social performance. Corporate social performance has a positive effect on the reputation and attractiveness of the company to workers and job applicants. Djakman & Machmud, (2008) found that institutional ownership consisting of banking, insurance, pension funds, and asset management companies in Indonesia has not considered CSR one of the criteria for investing. Institutional investors also tend not to pressure companies to disclose CSR publicly. Details. The results of this study are consistent with (Mahoney & Rahman, 2007; Anggraini, 2011; Nilasari, 2015) which states that there is no significant relationship between institutional ownership and corporate social performance. This research was conducted in the same year when Law no. 40 of 2007 was issued. There is a possibility that companies in Indonesia are not ready to implement the regulation.

CSR is an attempt by a company or organization to gain legitimacy in society (Nurtiyastuti & Santoso, 2017). This legitimacy will further avoid things that the company does not desire due to its operations in the community. In line with this, CSR is an attempt by a company or organization to meet the expectations of its stakeholders (Anggraini, 2011). In its implementation, the company will sort out the stakeholders that are considered essential and the wishes of these stakeholders will be prioritized. One of the stakeholders considered important by the company is the shareholder. There are two types of shareholders in a company, namely affiliated shareholders and non-affiliated shareholders. Non-affiliated shareholders are shareholders who are not related to company activities, such as share ownership by institutions and individuals. While affiliated shareholders are shareholders who are directly related to company activities, such as managers and blockholders (Nilasari, 2015).

Institutional ownership is the ownership of company shares which are majority owned by institutions or institutions of insurance companies, banks, investment companies, asset management, and other institutional ownership (Herawati, 2015). Institutional ownership is the holder. Institutional investors can ask the company's management to disclose social information in its annual report for transparency to stakeholders to gain legitimacy and increase the company's value through the capital market mechanism to affect the company's share price. Share ownership by institutions is a reasonably significant share ownership in a company. Thus, the ownership of this institution can be authorized to

control the company. Related to the globalized triple bottom line issue, institutional ownership tends to consider CSR disclosure in its investment decisions. This is related to its legitimacy to the community around its operational area and the sustainability of its operations. Based on the description that has been explained, it can be concluded that the factors that are thought to influence the CSR disclosure of public companies listed on the Indonesia Stock Exchange in 2018-2020 in the annual report are institutional ownership and foreign ownership.

Institutional owners can ask the company's management to disclose social information in its annual report for transparency to stakeholders to gain legitimacy and increase the company's value through the capital market mechanism to affect the company's share price. Many previous studies have shown that the company's CSR disclosure rises every year. Many companies are increasingly realizing the importance of CSR programs as part of their corporate strategy and gaining legitimacy by the community. Based on the research of Mahoney & Robert, (2007) that institutional investors consider the company's low corporate social performance to be a risky investment. And based on the research of Turban & Greening, (1997) stated that institutional investors see long-term benefits from company involvement in corporate social performance. The results of the study (Edison, 2017; Paradipta, 2019) state that institutional ownership has a significant effect on CSR disclosure. Then the hypothesis is proposed as follows:

**H1:** Institutional ownership positively affects the extent of CSR disclosure in the annual report.

Foreign ownership in the company is a party that is considered concerned about the company's CSR disclosure. It is proven from research by Fauzi, (2008) which states that from the environmental aspect, the achievements of multinational companies in Indonesia are better than national companies. There is no relationship between social performance and financial performance in national companies. Meanwhile, there is a relationship between social performance and financial performance in international companies. This means that companies with foreign ownership will tend to disclose greater CSR because they have significant funds to fund social and environmental activities. Research by Tanimoto & Suzuki (2005) in looking at the widespread adoption of GRI in CSR reports in public companies in Japan, proves that foreign ownership of public companies in Japan is a driving factor for the adoption of GRI in CSR disclosure. Based on the framework of thinking that foreign countries tend to pay more attention to CSR activities and disclosures as well as multinational companies or with foreign ownership, the main view is that legitimacy benefits come from their stakeholders which are typically based on a home market that can provide a high existence in the long term (Djakman & Machmud, 2008). The study results (Edison, 2017; Kusumawati et al., 2018; Nilasari, 2015; Yani & Suputra, 2020) found that foreign ownership had a positive and significant effect on CSR disclosure. Then the hypothesis is proposed as follows:

**H2:** Foreign ownership has a positive effect on the extent of CSR disclosure in the annual report.

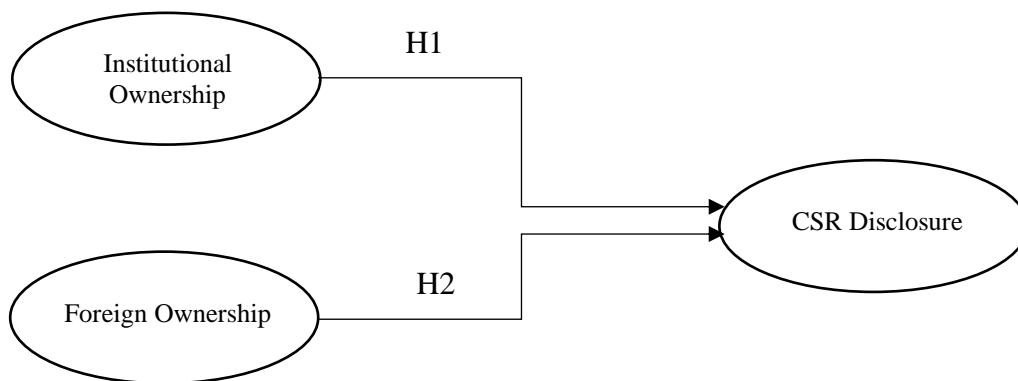


Figure 1. Conceptual Framework

## Research Method

This type of research includes causal research using quantitative methods. The population in this study is mining companies listed on the BEI. The sample selection was carried out using the purposive sampling method, namely the selection of samples in a non-random manner whose information was obtained using specific considerations that were generally adapted to the objectives or research problems. The criteria used in sampling include 1) Companies listed on the Indonesia Stock Exchange from 2018-2020. 2) The company is engaged in mining. 3) The company was not delisted during the 2018-2020 period. 4) Publish a complete annual report for 2018-2020. 5) The company has more than 5% institutional and foreign ownership. This study uses secondary data obtained from the company's annual report for the 2018-2020 period and is analyzed using multiple linear regression analysis methods. Regression analysis is a study of the effect of the dependent variable with one or more independent variables, intending to estimate and or predict the population means or the average value of the dependent variable based on the known value of the variable. The accuracy of the sample regression function in estimating the actual value can be measured from its goodness of fit. The data in this study will be measured statistically to see the value of the coefficient of determination, the F statistic value, and the t statistic value. The statistical calculation is statistically significant if the value of the statistical test is in the critical area (the area where H<sub>0</sub> is rejected). On the other hand, it is called insignificant if the value of the statistical test is in the area where H<sub>1</sub> is accepted.

**Table 1. Sampling Criteria**

No	Criteria	Population	Sample
1	Mining companies listed on the IDX	15	
2	For the year 2018-2020		15
3	provide a complete annual report		13
4	Have complete data		10

**Table 2. Company Name**

No	Company Name	Code
1	PT Adaro Energy	ADRO
2	PT Borneo Lumbung Energy dan Metal	BORN
3	PT berau Coal Energy	BRAU
4	PT Bumi Resources Mineral	BRMS
5	PT Eksploitasi Energy Indonesia	CNKO
6	PT Central Omega Resources	DKFT
7	PT Golden Energy Mines	GEMS
8	PT Vale Indonesia	INCO
9	PT Indo Tambang Raya Megah	ITMG
10	PT Tambang Batubara Bukit Asam	PTBA

**Table 3. Variable Operation**

Variabel	Indikator	Referensi
Disclosure Social Responsibility	$CSRI_j = \frac{\sum X_{ij}}{N_j}$	(Firdausy, 2017; Kusumawati et al., 2018; Nugroho & Yulianto, 2015)
Institutional Ownership	$IO = \frac{\text{Institutional owned shares}}{\text{Total number of shares outstanding}} \times 100 \%$	(Faya Alfonso Naa, 2012; Rahma Putri et al., 2013; K. B. Yanti et al., 2018)
Foreign Ownership	$FO = \frac{\text{Foreign-owned shares}}{\text{Total number of shares outstanding}} \times 100 \%$	(Dharmawan Krisna & Suhardianto, 2016; Rustiarini, 2011)

## Data Analysis and Discussion

### Data Analysis

The characteristics of the sample used in this study include the number of samples (N), sample average (mean), maximum value, minimum value, and standard deviation for each variable.

**Table 4. Descriptive Statistic**

	N	Minimum	Maximum	Mean	Std. Deviation
LnY	30	-.27	-.11	-.1803	.02972
LnX1	30	1.81	4.47	3.2044	.86584
LnX2	30	2.56	4.44	3.6582	.59751
Valid N (listwise)	30				

Table 4 shows that the number of observations in 10 companies in this study was 30 observations, namely in 2018-2020. Based on the acquisition of CSR data in 2018-2020, it is known that the average value is -0.1803 with a standard deviation of 0.02972. With a minimum value of -0.27 and a maximum value of -0.11. An average value above 50% indicates the company's awareness to carry out and disclose its CSR activities.

Institutional ownership obtained an average of 3.2044, and the standard deviation value is

0.86584. With a minimum value of 1.81 and a maximum value of 4.47. Foreign ownership received an average of 3.6582, a standard deviation value of 0.59751. With a minimum value of 2.56 and a maximum value of 4.44.

**Table 5. CSR Disclosure**

No	Company Name	Code	2018	2019	2020
1	PT Adaro Energy	ADRO	0.813	0.8	0.76
2	PT Borneo Lumbang Energy dan Metal	BORN	0.853	0.84	0.853
3	PT berau Coal Energy	BRAU	0.84	0.84	0.84
4	PT Bumi Resources Mineral	BRMS	0.84	0.826	0.826
5	PT Eksploitasi Energy Indonesia	CNKO	0.84	0.826	0.84
6	PT Central Omega Resources	DKFT	0.84	0.84	0.84
7	PT Golden Energy Mines	GEMS	0.84	0.853	0.853
8	PT Vale Indonesia	INCO	0.866	0.893	0.866
9	PT Indo Tambang Raya Megah	ITMG	0.84	0.84	0.84
10	PT Tambang Batubara Bukit Asam	PTBA	0.8	0.813	0.8

Table 5 shows that the overall CSR disclosure is relatively high, is the average value obtained is 0.83537 (83%). The company that disclosed the most CSR activities was PT Vale Indonesia, which amounted to 0.893(89%) in 2011. While the company that revealed the least CSR activities was PT Adaro Energy with a value of 0.76 (76%) in 2012, this means that mining companies in Indonesia are quite good at implementing and disclosing their CSR activities.

**Table 6. Institutional Ownership**

No	Name	Code	2018	2019	2020
1	PT Adaro Energy	ADRO	6.11	6.15	6.21
2	PT Borneo Lumbang Energy dan Metal	BORN	80.13	73	60.73
3	PT berau Coal Energy	BRAU	15.26	15.26	15.26
4	PT Bumi Resources Mineral	BRMS	80.12	84.32	87.09
5	PT Eksploitasi Energy Indonesia	CNKO	11.02	8.95	7.19
6	PT Central Omega Resources	DKFT	19.83	22.99	24.77
7	PT Golden Energy Mines	GEMS	67	67	67
8	PT Vale Indonesia	INCO	20.09	20.09	20.09
9	PT Indo Tambang Raya Megah	ITMG	35	35	35
10	PT Tambang Batubara Bukit Asam	PTBA	13.21	16.06	18.27

In table 6, the company that has the highest institutional ownership is PT Bumi Resource Mineral at 87.09 (87.09%) in 2020. While the company that has the lowest institutional ownership is PT Adaro Energy at 6.11 (6.11%) in 2018 Furthermore, the amount of foreign ownership can be seen in table 7.

**Table 7. Foreign Ownership**

No	Name	Code	2018	2019	2020
1	PT Adaro Energy	ADRO	43.91	43.92	43.93
2	PT Borneo Lumbang Energy dan Metal	BORN	19.74	26.86	39.26
3	PT berau Coal Energy	BRAU	84.74	84.74	84.74
4	PT Bumi Resources Mineral	BRMS	19.88	15.18	12.91
5	PT Eksploitasi Energy Indonesia	CNKO	19.81	25.31	49.69
6	PT Central Omega Resources	DKFT	80.17	77.01	75.23
7	PT Golden Energy Mines	GEMS	30	30	30
8	PT Vale Indonesia	INCO	58.73	58.73	58.73
9	PT Indo Tambang Raya Megah	ITMG	65	65	65
10	PT Tambang Batubara Bukit Asam	PTBA	21.75	18.7	15.56

In table 7, it can be seen that the company that has the highest foreign ownership is PT Berau Coal Energy, which is 84.74 (84.74%) in 2018-2020. In comparison, the company with the lowest foreign ownership is PT Bumi Resources Mineral at 12.91 (12.91%) in 2020.

The autocorrelation test tests whether the linear regression model correlates with the confounding error in period  $t$  and the error period  $t-1$  (previous). Based on the regression analysis results on the data of mining companies listed on the IDX in 2018-2020. The value of Durbin Watson (DW) is 2,266. In the DW-table test  $d_l$  (outer limit) = 1.61;  $d_u$  (inner limit) = 1.74;  $4-d_u$  = 2.26; and  $4-d_l$  = 3.39. These results indicate that in the regression model there is no autocorrelation.

**Table 8. Durbin Watson Equation**  
Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.637 <sup>a</sup>	.406	.362	.02374	2.266

Hypothesis testing is done by using multiple linear regression techniques. The results of data processing can be seen in table 9.

**Table 9. Multiple Regression Test Results**

Variable	B	T	Sig.	Info
Constanta	-0.338	-8.722	0	
Institutional Ownership	0.021	3.834	0.001	Signifikan
Foreign ownership	0.025	3.153	0.004	Signifikan
$R^2 = 0,637$	F = 9,229			
N = 30	Sig. 0,001			

The t-statistical test aims to test the effect of the independent variable, which has a significant impact on the dependent variable at a significance level of  $\alpha = 5\%$ . Based on table 9, it can be seen that institutional ownership (X1) has a significance value of  $0.001 < 0.05$ , it is concluded that H1 is accepted, meaning that institutional ownership has a positive effect on CSR disclosure. Meanwhile, for foreign ownership (X2) obtained a significance value of  $0.004 < 0.05$ , it can be concluded that foreign ownership has a positive effect on CSR disclosure. The F statistic value is 9,229 with a

significance value of 0.001, which is smaller than 0.05. There is simultaneously a significant influence between institutional ownership and foreign ownership on CSR disclosure in mining companies listed on the IDX. Furthermore, the coefficient of determination (R) test essentially measures how far the model's ability to explain the variation of the dependent variable is. Based on table 9, it is known that the calculation result of the coefficient of determination (R) is 0.637. This shows that the influence of the independent variable on the dependent variable which this equation model can explain is 63.7%. In comparison, the remaining 36.3% is influenced by other factors outside the study.

## Discussion

The first hypothesis proposed states that institutional ownership has a positive effect on the extent of CSR disclosure. Based on the research results, the first hypothesis is accepted. It means that companies with institutional ownership consider it essential to disclose their CSR. Institutional investors disclose their CSR to stakeholders to gain legitimacy and increase the company's value through the capital market mechanism so that it affects the company's stock price. The dominant growth of institutional ownership in the capital market reflects institutional investors' concentration and increase in wealth. The results of this study are consistent with research results (Waddock and Graves, 1994; Kusumawati et al., 2018; Yani & Suputra, 2020; Edison, 2017; Paradipta, 2019) which state that institutional ownership has a significant effect on CSR disclosure. As indicated by the number of institutions that have shares in a company, institutional ownership has a significant positive impact on Corporate Social Performance. However, rejected research (Anggraini, 2011; Nilasari, 2015) finds that institutional ownership does not affect the disclosure of social responsibility.

The second hypothesis proposed states that foreign ownership positively affects the extent of CSR disclosure. Based on the research results, the second hypothesis is accepted. This means that foreign ownership is also concerned with its CSR disclosure and foreign ownership. Multinational companies or foreign ownership mainly see legitimate benefits from their stakeholders, typically based on home market principles that can provide a high existence in the long term. CSR disclosure is one media chosen to show the company's concern for the surrounding community. In other words, if the company has contracts with foreign stakeholders in both ownership and trade, the company will be more supported in disclosing its CSR. The results of this study support research (Edison, 2017; Kusumawati et al., 2018; Nilasari, 2015; Yani & Suputra, 2020), which found that foreign ownership has a positive and significant effect on CSR disclosure. This study is similar to the study of Tanimoto & Suzuki (2005) in looking at the widespread adoption of GRI in CSR reports in public companies in Japan, proving that foreign ownership of public companies in Japan is a driving factor for the adoption of GRI in CSR disclosure. This study is also in line with Djakman & Machmud, (2008), which states that foreign countries tend to be more concerned with CSR activities and disclosures as well as multinational companies or with foreign ownership, mainly seeing legitimate benefits from their stakeholders which are typically based on the home market, which can provide a high existence in the long term. But rejects research (Anggraini, 2011; Faya Alfonso Naa, 2012; Paradipta, 2019) which finds that foreign ownership does not affect social responsibility disclosure. Institutional ownership and foreign ownership attach great importance to CSR disclosure. This is following the Limited

Liability Company Law No. 40 Article 74 of 2007, where companies conducting business activities in natural resources are required to disclose CSR. This means that institutional ownership and foreign ownership in mining companies have complied with the law.

## Conclusions

Based on the research that has been done, it can be concluded that institutional ownership has a positive and significant effect on the extent of CSR disclosures of mining companies listed on the IDX in 2018-2020, and foreign ownership has a positive and significant impact on the area of CSR disclosures of mining companies listed on the IDX in 2018- 2020. The suggestions that can be given are for mining companies to take anticipatory steps to maintain CSR. At the same time, for further researchers, it is better to add variables, extend the period or time of the object of research so that it is better to know the factors that influence CSR disclosure.

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