

Income Information Content in Companies That Express Corporate Social Responsibility

IstianingsihSastrodiharjo, UniversitasBayangkara, Jakarta – Indonesia, istianingsihubara@gmail.com
Edwin Mirfazli, University of Lampung – Indonesia, mirfazli@yahoo.com
AlonaOboznaya, Kiev National University of Culture and Art, Ukraine, helensj532@gmail.com

Article Info

Volume 82

Page Number: 15091 - 15115

Publication Issue:

January-February 2020

Abstract:

The relevance of information about corporate social responsibility (CSR) is increasingly believed to be superior information compared to historical information derived from reporting accounting earnings. This study aims to determine the quality of earnings information in companies that make CSR disclosures in annual reports. This research is important to analyze the benefits of CSR disclosure as a source of relevant information for investment decision making compared to accounting earnings information. This study also adds company size and *price to book value* as control variables. This research sample uses manufacturing data listed on the Indonesia Stock Exchange in 2010 and 2011 were 156 observations. The data processing method used is a multiple linear regression analysis. The results of this study prove that information about CSR in financial reports is superior to company earnings information. The more extensive disclosure of CSR conducted by companies in this study is proven to reduce market response to earnings information. This proves that CSR information is proven to be more important and more considered by investors as material for decision making than company profit information.

Keywords: *Corporate Social Responsibility, Earnings Response Coefficient*

Article History

Article Received: 18 May 2019

Revised: 14 July 2019

Accepted: 22 December 2019

Publication: 28 February 2020

I. INTRODUCTION

The phenomenon of the declining quality of earnings information announced by the company is an interesting topic to study because it deals with questions about the urgency of financial statements. As historical information, earnings are information of the past which has lately been questioned for relevance as a basis for decision making. The purpose of starting an enterprise is to seek *profit* as much as possible and increase the value of the company through the business activities carried out. To achieve these objectives, the company can increase business activities, both in the field of production and marketing. However, in the process pening katanterse but, companies harus tet apmemper hatikan environmental and social in About ar who dikenald engan *Corporate Social Responsibility (CSR)*. According to Susilosado (2008), CSR is a manifestation of the commitment built by the company to make a

contribution to improving the quality of people's lives. The responsibility is the reciprocity of the companies in the community and environment around them because the company has taken advantage of the people and the environment around them.

According to PSAK No. 20 of 2005 in Masnila (2006) concerning Environmental Accounting, the company is expected to require information about policies and targets relating to the environment. From an economic perspective, the company will reveal an information or poverty if the information format will increase the value of the company (Verecchia, 1983; in Saiecti and Wondabio, 2007). By implementing CSR, it is hoped that companies will obtain social legitimacy and maximize their financial strength in the long term (Kiroyan, 2006; in Saiecti and Wondabio, 2007). This indicates that companies that implement CSR expect positive response by

market participants (Sayekti and Wondabio, 2007). One of the market players who really influences companies' work is investors. Therefore, with the disclosure of CSR, the company is very much hopeful of the positive responses given by investors so that it produces better performance than the company. Dalamhalini, diberi kanterse but dinilaid alam response *Earnings Response Coefficient* (ERC) .

ERC is a coefficient that describes profitability in a period (Sayekti and Wondabio, 2007; Ambarwati 2008) . Ambarwati (2008) explains that an investor is a company that has been predicting a period of time for a company that will later be compared to real profits . Predictable differences with the actual can cause an increase and decrease in price that will accumulate in *Cumulative Abnormal Return* (CAR) (Ambarwati , 2008) .

Penelitian sebelumnya performed by Cheng and Christiawan (2011) untuk mene mukanpen garuh *Corporate Social Responsibility* towards *Abnormal Return* USING *Return on Equity* (ROE) and *Price to Book Value* (PBV) sebagai variabel kontrol. They found that the disclosure of CSR had a significant effect on *abnormal returns*, which indicated that investors were considering CSR information to make decisions. In addition, ROE control variables have a significant negative effect on *abnormal returns* . Meanwhile, PBV control variables have no significant effect on *abnormal return* . In addition, Sayekti and Wondabio (2007) conducted a study related to investor appreciation of CSR revealed in company annual reports . The results of research conducted from 108 annual corporate reports in 2005 consisting of various industries listed on the Indonesia Stock Exchange (IDX) indicate the negative effect of CSR information disclosure on ERC.

Penelitian Anini akan menggunakan sampel dari perusahaan engaged in industri manufaktur listed on the

Stock Exchange in 2010 and 2011 some 156 companies. The CSR measurement index used in this study is also different from previous research, namely GRI 3.1, which is the latest CSR index. Meanwhile , previous research still uses GRI 3 in the measurement of corporate CSR.

This research aims to prove whether the content of earnings information quality is influenced by CSR information disclosed by the company in the annual report. The content of earnings information quality in this study was measured by *Earnings Response e Coefficient* (ERC).

This research is expected to contribute by providing empirical evidence about the declining trust of users of financial statements, especially earnings which are historical information. It is expected that companies can consider disclosure of CSR as a source of information that is considered to be able to provide benefits for the company and for investors and other stakeholders as material for investment decision making.

II. BASIS OF THEORY AND DEVELOPMENT OF HYPOTHESES

a. *Corporate Social Responsibility*

According to *The World Business Council for Sustainable Development* in Cheng and Christiawan (2011) explains that *Corporate Social Responsibility* (CSR) is a commitment to the sustainability of the business world to act in a synthetic way and provide contribution to the economic development of the local community or the entire community in their social life .

Management as a company manager is considered more knowledgeable about internal information and prospects of the company in the future than the owner (shareholder). Management is obliged to give a signal regarding the condition of the company to the owner.

An imbalance in the mastery of *information* will emerge as a condition called *information asymmetry* (*information asymmetry*) (Ujiyantho and Pramuka, 2007). Therefore, the company will disclose social information in order to build an *image of the company* and reduce the asymmetry of information that belongs to the management (Anggraini, 2006).

CSR disclosures can send promotional *signals* or other information stating that these companies are better than other companies because of the economic, environmental and social impact of the company's activities.

b. Earnings Response Coefficient

According to Ambarwati (2008), based on the thought of ERC, investors have calculated the expectations of the earth only before the report is issued. In wakt upper usaha anmen gumumkan laba tahunan, bilal abaaktu all ebihting gidiban d ingkandenganhasilprediksilaba made by investors makaterjadi *Good News* (GN). On the other hand, the prediction marriage is higher than the actual *bad news* (BN). When investors feel GN lebihanyakdari investors who feel the BN, makaakanadakenaikanhargadarisahamperusahaan market is concerned, sebaliknyaabila BN GN lebihanyakdarimakaakanadapenurunanhargakaren abanyaknya market investors mel a kukanpenjualanatassahamperusahaantersebut.

Cho and Jung (1991) in Palupi (2006) define the coefficient of response as a dollar effect of non-expected earnings on stock returns, and is measured measured by the coefficient of inclination in the equation of abnormal stock return irregularities towards non-expected earnings. This shows that ERC is reacting to the profit announced by the company. Mayangsari (2004) defines ERC as a coefficient to measure *unexpected accounting earnings* in the regression of *stock abnormal returns* and other variables.

Selainitu , Scot t (2012 , p. 163) mend e finisikan ERC as:

" An earnings response coefficient measures the extent of a security's abnormal market return in response to the unexpected component of reported earnings of the firm issuing that security. "

Be factors that can influence ERC include beta, corporate capital structure, profit quality, growth opportunities, profitability, and information of price (Scott, 2012). While the height of the company's equity will lower investors' reaction to the surprise of the ERC, it will be even lower. This is because investors see that the future is an indicator of *earnings power* and *returns* in the future (Mulyani *et al.* , 2007). The company's capital also affects ERC. An increase in profit (before interest) for *high levered* companies means that companies are better off in lending compared to shareholders . However , *high levered* companies have lower ERCs compared to *low levered* companies because investors will think that companies will choose to pay their debts more than they can by dividing dividends (Scott, 2012). The value of ERC is expected to be greater than the probability that the estimated profit quality will also increase. It itudisebabkankarena investors in the future lebihmampumenyimpul kankinerjaperusahaan denganmelihatkinerjasaatini (Scott, 2012).

Companies that have the opportunity to grow are expected to provide high profitability in the future, and are expected to be more consistent. Thus, ERC will be higher for companies that have the opportunity to grow (Scott, 2012). Different investors will have different expectations as to the income of the company in the next period based on the information they have and the ability of each in evaluating financial statements . Analysis of investor estimates that is more precise on the expectations of the company's revenue will result in a greater ERC (Scott, 2012). Besides that, usually the *informativeness* of market prices is proxied by

the size of the company, because the larger the number of companies the more information about the companies available. The height of *informativeness* is the price of shares, the meaning of *information* format is low for accounting systems. Oleh karena itu, ERC akan semakin rendah jika *informativeness* harga saham meningkat (Scott, 2012).

C. Previous Research

Previous research conducted by Sayekti and Wondabio (2007) has proven the negative influence of CSR disclosure with ER. Sayekti and Wondabio (2007) used BETA and *Price-to-Book-Value* (PBV) as control variables in their research.

Cheng and Christiawan (2011) prove that CSR disclosure has a significant effect on *abnormal returns*, which indicates that investors consider CSR information to make decisions. Cheng and Christiasan (2011) found that the variable control of *Return on Equity* (ROE) had a negative effect on *abnormal returns*. Meanwhile, PBV control variables had no significant effect on *abnormal returns*.

Mulyani *et al.* (2007) also melakukan penelitian untuk membuktikan faktor-faktor yang dapat mempengaruhi ERC dengan menggunakan variabel kontrol persistensi laba, struktur organisasi, risiko (Beta), kesempatan bertumbuh, ukuran perusahaan, dan kualitas auditor. But in the research conducted by Mulyani *et al.* (2007), penelitian mengenai bahwasatu-satunya faktor yang tidak mempengaruhi ERC adalah kualitas auditor.

Gunawan and Utami (2008) conducted a study to see the effect of CSR on company values. Dengan menggunakan variabel moderating persepsi kepemilikan manajemen dan tipe industri, penelitian menemukan adanya hubungan positif CSR terhadap nilai perusahaan.

In addition, several studies were also conducted to prove the influence of CSR on the company's performance. Laan *et al.* (2008) used *Return on Assets* (ROA) control variables, *shareings per share*, company size, and *debt to equity* ratio. Toutsoura (2004) menggunakan risiko, measuring a perusahaan, and jenis industri sebagai variabel kontrol penelitian. Both studies conducted found a positive relationship between CSR and corporate performance.

Fauzi and Idris (2009) use *Corporate Social Performance* as an independent variable in the research conducted. *The business environment, strategy, organization structure*, and *control system* are used as *independent variables*. This research also proved that CSR has a positive influence on company performance.

D. Research Hypotheses

With the support of the realization of commitment to the environment and the community, the company is very hopeful there will be positive response from investors. Such disclosures can reduce uncertainty about the company's prospects in the future. However, with the disclosure of CSR, investors can focus more on CSR disclosure than on company disclosure because businesses are considered more concerned about long-term benefits. This can reduce investor response to company disclosure. Therefore, the hypothesis given is as follows:

Ha : Disclosure of Corporate Social Responsibility in annual reports has a negative effect on Earnings Response Coefficient (ERC)

III. RESEARCH METHOD

A. Data Sources

The data collection technique used in this study is the study of the library. The library research is a method that is carried out in order to obtain

secondary data that will be used as a basis for discussion in the study. Secondary data is the source of research data obtained by researchers directly or through intermediary media. The data is obtained through books, journals, records and other data sources used as research bases. In addition, annual and financial reports of the company in 2010 and 2011 which will be collected from the IDX and the IDX website by downloading from the site www.idx.co.id. While to look for information in calculating Cumulative Abnormal Return (CAR), the author downloads from the site www.finance.yahoo.com.

B. Empirical Models of Research

According to Kusumawardhani and Nugroho (2010), ERC is a co-coefficient obtained from the regression between CAR and the EU. Selainitu, m engacu on the model researchers an Sayekti and Wondabio (2007) makapenelitimembuatbeberapa research model. A da of the basic models, namely models yangmeregresika n variable CAR to the EU. Selainitu ad a two models of research proposed, namely the model t anpamemasukkanvariabelkontrol and model sudahmem asukkanvariabelkontrol(s ize and g rowt h o p p o r t u n i e s) bersertainteraksidarimasing-masingvariabelkontroltersebutdenganvariabel EU.

Basic Model:

Model I (without control variable):

Model II (with control variable):

In which:

CAR : *Cumulative Abnormal Return* calculated based on share price for the period of 2009 to 2011.

EU : *Unexpected Earnings* of a company calculated using the random walk assumption and scaled by the company's share price at the beginning of the period

CSRI : *Corporate Social Disclosures Index* that measures the types of CSR disclosed by companies in their annual reports .

SIZE : The size of the company measured by the natural log of total assets .

PBV : *Growth Opportunities* measured by using each company's price to book value ratio at the end of the financial reporting period .

UE * CSRI : Interaction of EU variables and CSRI

UE * SIZE : Interaction of EU variables and sizes

EU * PBV : Interaction of EU variables and opportunities for company development
 ε : error term

The researcher expects that the variables in the research can provide significant and negative results.

The variables are in β_3 in model I and also in β_5 in model II.

With significant and negative major variables meaning the hypotheses that have been taken can be proven well .

Where,
pengungkapan CSR dalam laporan tahunan memiliki pengaruh negatif terhadap ERC.

C. Definition of Operational Variables

C. Variable Dependents : cumulative Abnormal Return (CAR)

A ► *NORMAL* return is selisihantara *actual return* and *expected return* (Jogiyanto 2009; in Cheng and Christiawan, 2011). *Actual return* is the income received by investors in the form of *capital gains* (Mulyani et al. 2007). *Abnormal return* akanpos it if jika return did apatkanlebih besardari return the diharapkanatau returns are calculated. While *abnormal return* akanneg at if jika return the did apatle bihkecil dari return the diharapk anatau returns are calculated (Cheng and Christiawan, 2011).

CAR is a proxy of price shares that shows the magnitude of the market's response to proven profitability (Mulyani et al. 2007; Mayangsari, 2004). Determination of the *window (time interval)* to measure the CAR stock of the company is an important thing. If it is too short, CAR measures cannot capture market reactions that may occur outside the *window*, for example, due to slow investor reaction (Lev, 1989; in Seekti and Wondabio, 2007). Conversely, if the *time interval is too long*, then it can provide a measurement that can bias the contribution of information disclosed by the company (Lev, 1989; in Saiekti and Wondabio, 2007). The tomb causes the research to be unfocused and causes inconsistencies in the results of the study.

Measurement *abnormal return* data mpenelitianini menggunakan *market-adjusted model* that mengasumsikan bahwa pengukuran *expected return* sahamperusahaan which terbaikadalah *return of a market index* (Pincus, 1993; dalam Sayekti and Wondabio, 2007). Here is the formula to calculate *abnormal returns* :

Where:

AR_{it} : *Abnormal return* for companies on a day-t.

R_{it} : *Return harianperusahaan* on harike-t.

R_{mt} : *Return of the market index* on the day-t.

P_{it} : *Price of company shares* at time t.

P_{-1} : *Price of company I* at time t-1.

$CSPI_t$: *Price Index of Stock Merger* at time t.

JCI_{t-1} : *Price Index of Merged Stock* at time t-1.

Furthermore, the CAR calculation for each company is the accumulation of *abnormal returns* from each of these companies (Sayekti and Wondabio, 2007). $CAR_{it} = \sum AR_{it}$

b. Variabel Independen

Unexpected Earnings (EU)

According to Suaryana (2005) *unexpected earnings (EU)* or surprise is the difference between *actual* and *expected earnings*. Expectation is estimated with a *random walk model*. The track step model estimates the period of a period along with the previous period.

In which:

EU_{it} : the company advances in the t period

E_{it} : company income in period t

E_{it-1} : l my company expansion in period t-1

CSR Index (CSRI)

CSR disclosure is measured through the *disclosure of the CSR Disclosure Index (CSRI)* with the *item checklist system* based on *annual export* according to the items that have been determined (Indrawati, 2009). The approach to calculating CSRI on the basis of using a dichotomy approach for each *CSR item* in the research instrument was valued at 1 if disclosed, and the value of 0 if not disclosed (Haniffa et al., 2005; in Indrawati, 2009).

Furthermore, *c hecklist* dilakukan dengan melihat pengungkapan tanggung jawab sosial perusahaan based on *the Global Reporting Initiative (GRI) 3.1* Consist Of 84 *items* .

The CSRI calculation formula is as follows (Haniffa *et al.* , 2005 ; in Indrawati, 2009) :

Where :

$CSRI_j$: *Corporate Corporate Responsibility Disclosure Index j*

N_j : number of items for company j , $n_j \leq 84$

K_{ij} : *dummy variable* : 1 = if the *item is* revealed; 0 = if the *item was not* disclosed

Thus, $0 \leq CSRI_j \leq 1$

Next, to see the effect of CSRI on ERC, EU variables and CSRI variables will be interacted in the regression equation with interaction models (Sayekti and Wondabio, 2007).

c. Variabel Kontrol

Company Size (Size)

According to Mulyani *et al.* (2007) the size of a company is a proxy for information and price. Large companies are considered to have more information than smaller companies. Consequently, the more informative price of shares means that the current *earnings information* content is also small . Although Easton and Zmijewski (1989) in Juliani *et al.* (2007) shows that the *magnitude of the firm is not a significant variance for earnings response coefficient*. This variable is measured by log natural total assets (Collins and Kothari, 1989).
Kesempatan Berkembang(Growth Opportunities)

Collins and Kothari (1989) in Mayani *et al.* (2007) shows that companies that have greater growth opportunities will have high *earnings response coefficients* . These conditions indicate that the greater the opportunity for the company to grow, the high opportunity for the company to get or increase the profits earned by the company in the future.

The variables are measured from the *price to book value* or the *market to book value ratio* of each company at the end of the financial reporting period (J aswadi, 2003 ; in Mayani *et al.*, 2007), with the formula:

D. Data Analysis Methods

Data analysis in this research includes descriptive statistics and correlations, classic assumptions test, hypothesis testing and regression analysis test. In conducting this research, the research was carried out with *Statistical Product and Service Solution (SPSS)* version 21 and Microsoft Excel 2007.

Descriptive statistics are used quantitative research to describe the companies that become research. Next, the *Pearson correlation* is also calculated to see the interrelationship variables that exist for the dependent variables.

The classic analytical examiner is used to ensure that the regression model is not biased, so the results of the regression model can be trusted. The assumption of this classic test consists of normality test, multicollinearity test, and heteroscedasticity test.

Testing *h ipotesis* and uji analisis regresi bergunau ntuk memeriksa *taumengujipakah koefisien regresi* that didapat *disignifikan*. The test results show how the influence of the dependent variable on the dependent variable. Test initerdiridari uji koefisien d eterminasi ($u_{ji} R^2$), uji signifikansi s imultan ($u_{ji} F$), and uji signifikansi p arameter i INDIVIDUAL (u_{ji} s tatisitik t) .

IV. RESULT AND DISCUSSION

4.1 Descriptive Statistics

Table 1 shows a summary of descriptive statistics from research studies:

Table 1 Descriptive Statistics

| | N | Minimum | Maximum | The mean | Std. Deviation |
|-----------------------|-----|-----------|-----------|------------|----------------|
| CAR | 156 | -3.89576 | 287.86192 | 5.40401388 | 22.89751444 |
| EU | 156 | -30.24391 | 13,83567 | 0.0818616 | 3.79456584 |
| CSRI | 156 | 0.08330 | 0.85420 | 0.2386587 | 0.13588082 |
| SIZE | 156 | 21.09681 | 32,64486 | 27.8653710 | 1.70589107 |
| PBV | 156 | -1.15000 | 167.56000 | 3.5505769 | 13.93007960 |
| Valid N (listwise) | 156 | | | | |

Source: Processed author (2012)

The test of statistical statistics presented in Table 1 shows that CAR has an average value or *mean* that is closer to the minimum CAR value compared to the maximum value. This means that the average company that *menja* disampelenelitian generate *returns* that over small dibandingkandengan *return* the diharapkanatau calculated. Besides that, the standardization shows that the variation of data possessed is very large.

From the descriptive statistical analysis it is known that the average EU value is closer to the EU minimum value than the maximum value. This means that, on average, companies that research results generate lower profits compared with time spent, in other words, most businesses from research research have experienced lower profits. Besides that, the standardization shows that the variation of data possessed is very large.

The descriptive statistical analysis also shows that the average value of CSRI is closer to the minimum value of CSRI than the maximum value. This means that on average companies that provide research that provide information have little social relative

responsibility. In addition, standardization indicates variations in data that have not been oversized.

The results also menu njukkan bahwani laianalisisstatistik deskript if average ukuranperusahaan l ebihmendekatinilaimaksimumda riukuranperusahaandibandingakandengannilaiminim umnya. This means that on average companies that become researches have relatively large total assets. In addition, standardization indicates variations in data that have not been oversized.

The results of descriptive statistical analysis also show that the average PBV value is closer to the minimum value of PBV than the maximum maximum profit. This means that the average company that is a research company has relatively small growth opportunities where the opportunity for profit is relatively small in the future. In addition, standardization shows very large variations of data.

H acyl testing *Pearson c orrelation* antaravariabel-variables ditelitidapatdilihat on t abel follows.

Table 2 *Pearson Correlation between Research Variables*

| | | CAR | EU | CSRI | SIZE | PBV | UEx CSRI | UEx SIZE | UE x PBV |
|-----|------------------------|-----|----------|------------|---------------|--------|----------------|-------------|-------------|
| CAR | Pearson Correlation | 1 | 0.168 ** | - 0.005 | - 0.159 ** | -0.071 | - 0.283 *** | 0.076 | 0.009 |

| | | | | | | | | | |
|----------|---------------------|--|-------|-------|-----------|-----------|-----------|------------|-----------|
| | Sig. (1-tailed) | | 0.031 | 0.479 | 0.039 | 0.215 | 0.001 | 0.202 | 0.461 |
| EU | Pearson Correlation | | 1 | 0.006 | -0.100 | 0.026 | -0.099 | -0.018 | -0.067 |
| | Sig. (1-tailed) | | | 0.474 | 0.134 | 0.388 | 0.136 | 0.421 | 0.231 |
| CSRI | Pearson Correlation | | | 1 | 0.360 *** | 0.376 *** | -0.167 ** | -0.032 | 0.148 ** |
| | Sig. (1-tailed) | | | | 0.000 | 0.000 | 0.32 | 0.361 | 0.050 |
| SIZE | Pearson Correlation | | | | 1 | 0.274 *** | 0.158 ** | -0.488 *** | 0.141 * |
| | Sig. (1-tailed) | | | | | 0.001 | 0.40 | 0.000 | 0.59 |
| PBV | Pearson Correlation | | | | | 1 | 0.105 | 0.072 | 0.532 *** |
| | Sig. (1-tailed) | | | | | | 0.124 | 0.213 | 0.000 |
| UEx CSRI | Pearson Correlation | | | | | | 1 | 0.126 * | 0.113 |
| | Sig. (1-tailed) | | | | | | | 0.081 | 0.106 |
| UEx SIZE | Pearson Correlation | | | | | | | 1 | -0.026 |
| | Sig. (1-tailed) | | | | | | | | 0.387 |
| UEx PBV | Pearson Correlation | | | | | | | | 1 |
| | Sig. (1-tailed) | | | | | | | | |

*** Significant at the level of $\alpha = 1\%$

** Significant at the level of $\alpha = 5\%$

* Significant at the level of $\alpha = 10\%$

The test results *Pearson correlation* menunjukkan bahwa korelasi antar variabel CAR and variabel UEx CSRI adalah negatif and significant. This result is according to previous predictions stating the number of negative correlations from the influence of CSRI disclosures in the annual report on *information efficiency of earnings* (ERC). Or in other words, the higher disclosure of CSR information, then the ERC will be lower.

In addition, the test results showing the correlation between the CAR variables and the SIZE xUE variables are positive and not significant. Results in accordance with prediction,

namun hal ini sesuai dengan pernyataan Easton and Zmijewski (1989) dalam Mulyani *et al.* (2007) which explains that the *magnitude of the firm is not a clear variant for a significant earnings response coefficient*.

The test results also showed that the correlation between CAR variables and the variable EXPPV were positive and not significant. Results in accordance with prediction, namun hasil ini sesuai dengan penelitian conducted by Cheng and Christiawan (2011) which menunjukkan bahwa variabel kontrol tidak berpengaruh signifikan terhadap PBV *abnormal return*.

4.2 Classic Assumptions Test

The testing that will be done consists of normality test, multicollinearity test, and heteroscedasticity test. In carrying out the tests, the researchers found several *outliers* that could disrupt the research regressions model. Therefore, researchers throw out the *outlier* so that the regression model is good. The number of *outliers* disposed of 32 *outliers*. So that the total

observations used in the study became 124 observations. After removing 32 *outliers*, researchers conducted a classic assumption test. All three tests conducted showed no bias found in the research regression model so that it could be used for regression analysis.

4.3 Discussion of Regression Analysis Tests

4.3.1 Coefficient Test Determination

Table 3: Coefficient Test Determination

Summary Model ^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
| I | 0.320 ^a | 0.102 | 0.80 | 2.25363492 | 2,349 |
| II | 0.355 ^a | 0.126 | 0.073 | 2.26179606 | 2,430 |

From Tabel 3, dapat dilihat bahwa nilai *Adjusted R Square* (koefisien determinasi) generated from the model I showed bahwa variasi variabel dependent CAR dapat dijelaskan by variable independently that the EU, CSRI, and variabel interaksi UExCSRI adalah sebesar 0.080 atausebesar 8%. So it can be said that the ability of the independent variables in explaining the dependent variables is limited. While the value of *Adjusted R Square* (koefisien determinasi) produced the Model II shows bahwa variasi variable dependent CAR which dapat dijelaskan by variable UE, CSRI, PBV, SIZE, UExCSRI, UExSIZE, and UExPBV is at 0.073 atausebesar 7.3

%. So it can be said that the ability of the independent variables in explaining the dependent variables is limited.

The result of the *regression* test shows that *Adjusted R Square* Model I is better than *Adjusted R Square* Model II. This does not match the predictions stating that the market response to the century is influenced by other factors, such as company size and growth opportunity (PBV).

4.3.2 Simultaneous Significance Test (Statistical Test F)

Table 4 Test Statistics F

ANOVA ^a

| Model | Sum of Squares | D f | Mean Square | F | Sig. | |
|-------|----------------|---------|-------------|--------|-------|--------------------|
| I | Regression | 69,478 | 3 | 23,159 | 4,560 | 0.005 ^b |
| | Residual | 609,464 | 120 | 5,079 | | |
| | Total | 678,942 | 123 | | | |
| II | Regression | 85,519 | 7 | 12,177 | 2,388 | 0.026 ^b |
| | Residual | 593,424 | 116 | 5,116 | | |
| | Total | 678,942 | 123 | | | |

Based on the regression analysis results presented in Table 4 above the impact that with the F test

obtained an F count of 4,560 with a significant level of 0.005. This shows that the independent

variables in Model I have the same significant effect on the CAR independent variables. In addition, Table 4 shows that with the F test, an Fcount of 2,388 was obtained with a significant level of .026. This shows that the independent variables in Model II have the same significant

effect on the CAR independent variables. The results of the multisimportant testing show that the two regression models have a significant effect.

4. 3.3 Significant Test of Individual Parameters (Statistical Test t)

Table 5 Significant Test of Individual Parameters

| Coefficients ^a | | | | | | |
|--|-----------------------------|------------|---------------------------|--------|------------|-----------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
| | B | Std. Error | Beta | | | |
| I | (Constant) | 5,717 | 0.649 | | 8,806 | 0.000 |
| | EU | 0.351 | 0.220 | 0.141 | 1,622 | 0.107 |
| | CSRI | -1,130 | 1,910 | -0.052 | -0.592 | 0.555 |
| | UEX CSRI | -1.305 | 0.415 | -0.277 | -3,145 *** | 0.002 |
| CAR = 5,717 + 0,351 UE -1,130 CSRI - 1,305 EU * CSRI | | | | | | |
| II | (Constant) | 6,162 | 4,590 | | 1,343 | 0.182 |
| | EU | 0.373 | 0.220 | 0.150 | 1,692 | 0.093 |
| | CSRI | -0.415 | 2,257 | -0.019 | -0.184 | 0.854 |
| | SIZE | -0.038 | 0.167 | -0.027 | -0.228 | 0.820 |
| | PBV | -0.76 | 0.877 | -0.099 | -0.869 | 0.387 |
| | UEX CSRI | -1.332 | 0.450 | -0.283 | -2,958 | 0.004 *** |
| | UEx SIZE | 0.395 | 0.388 | 0.110 | 1,019 | 0.310 |
| | UEx PBV | 0.374 | 0.344 | 0.113 | 1,087 | 0.279 |
| CAR = 6,162 + 0.373 UE - 0.415 CSRI - 0.038 SIZE - 0.076 PBV - 1,322 UE * CSRI + 0.395 UE * SIZE + 0.374 EU * PBV | | | | | | |

Based on Table 5, the EU interaction variable with CSRI in Model I has a significant level of significance of 0.002 and the resulting t value is -3.145. This means that the variable has a negative and significant relationship. The test results are diajukandalampenelitianiniinimendukunghipotesa Model I, namely pengungkapan CSRI dalam laporan tahunan memiliki pengaruh negatif terhadap ERC.

Based on Table 5, the result of EU interaction with CSRI in Model II has a significant level of significance of 0.004 and the resulting t value is -2,958. This means that the variable has a negative and significant relationship. These results support the hypothesis that the CSR disclosure in the annual report will reduce ERC. The statement indicated that

investors appreciated the CSR information disclosed by the company as one of the basis for making the investment decision (Sayekti and Wondabio, 2007). In addition, all of the control variables used in the study had an insignificant influence on the CAR dependent variables.

V. CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

5.1 Conclusions

The purpose of the implementation of this research is to determine the effect of CSR disclosure in annual reports on ERC. This study used 156 samples from the manufacturing industry in 2010 and 2011 which were listed on the Indonesia Stock Exchange.

In conducting this research, a variable *size control* is used to assess the *size of the company* and *price to book value* to assess the opportunity to grow within the company. However, the two control variables do not have a significant effect on ERC.

The results of the regression model show that there is a negative and significant influence of CSR disclosure on ERC, both without control variables and models using control variables. These results prove that CSR disclosure in the yearly report is used by investors in making decisions when making an investment. Information about CSR can be responded to better by the market compared to earnings information in financial statements.

5.2 Limitations

The following are limitations in the study :

1. The number of research studies is relatively limited to 156 company reports. In addition, the annual reporting period in this research was only in 2010 and 2011. All of this research also used 2009 as research material, but because there were limited research data, then 2009 was not used as research material.
2. This research only uses two control variables, i.e. the size of the company and the opportunity to grow which is proxied through *price to book value*. All of this research also uses variable capital structure control obtained from the *leverage of the company*, but because there is a fairly high degree of multicollinearity, the variable variability is derived from the regression model.
3. The CSR calculation only uses the dichotomous approach to transmit, a value of 1 if disclosed and a value of 0 if not disclosed is less able to prove a disclosure made by the company.

5.3 Further Research Suggestions

Based on the analysis of the discussion and some conclusions and limitations of this study, as for the suggestions that can be given through the results of this study in order to get better results, namely:

1. Further research is expected to be able to multiply the amount of research. In addition, the research period should be extended to several periods.
2. Further research is hoped to be able to increase other control variables that can affect ERC, such as ecosystem risk, profitability, and capital structure.
3. Further research can use the *assessment by word count* in evaluating CSR disclosures that take into account the words expressed by the company.

VI. REFERENCES

- [1]. Ambarwati, Sri. "Earnings Response Coefficient." *Accountability* 7, no. 2 (March 2008): 128-134.
- [2]. Anggraini, Reni Retno. "Disclosure of Social Information and Factors Influencing Social Information Disclosure in Annual Financial Reports (Empirical Study of Companies listed on the Jakarta Stock Exchange)." Article Presented at the National Accounting Symposium in 9 Padang, August 23-26, 2006.
- [3]. Azheri, Busyra. *Corporate Social Responsibility: From Voluntary to Mandatory*. Jakarta: RajagrafindoPerada, 2011.
- [4]. Cheng, Megawati and Christiawan, YuliusJogi. "The Influence of Corporate Social Responsibility Disclosure Against Abnormal Return." *Journal of Accounting and Finance* 13, no. 1, (May 2011): 24-36.
- [5]. En, Tan Kwang. "The Effect of Accounting Profit Response Coefficient on Price of Understanding in the Economic Crisis Period in Indonesia." *Journal of Scientific Accountancy* 2, no. 1 (November 2002): 63-73.
- [6]. Fauzi, Hasan and Idris, Kamil M. "The Relationship of CSR and Financial Performance: New Evidence from Indonesian

- Companies." *Issues in Social and Environmental Accounting* 3, no. 1 (June 2009): 66-87.
- [7]. Ghozali, Imam. *Application of Multivariate Analysis with IBM SPSS 19 Program*. Semarang: Diponegoro University Publisher Agency, 2011.
- [8]. Gunawan, Barbara and Utami, Suharti Sri. "The Role of Corporate Social Responsibility in Corporate Value." *Journal of Accounting and Finance* 7, no. 2 (September 2008): 174-185.
- [9]. Indrawati, Novita. "Disclosure of Corporate Social Responsibility (CSR) in the Annual Report and the Influence of Political Visibility and Economic Performance." *PekbisJournals* 1, no. 1 (March 2009): 1-11.
- [10]. ISO. "Social Responsibility: ISO 26000 tells it like it is." *ISO Focus* + 2, no. 3, March 2011
- [11]. Kusumawardhani, Indra and Nugroho, JokoSetiyo. "The Effect of Corporate Social Responsibility, Size, and Profitability on Earnings Response Coefficient." *Accounting Review* 5, no. 1 (June 2010): 22-32.
- [12]. Laan, Gerwin Van Der. Hans Van Ees. Arjen Van Witteloostuijn. "Corporate Social and Financial Performance: An Extended Stakeholder Theory, and Empirical Test with Accounting Measures" *Journal of Business Ethics* (2008): 299-310.
- [13]. Masnila, Nelly. "Corporate Social Responsibility: A View from the Angle of Accounting, Sriwijaya State Polytechnic." *Department of Accounting, Palembang* (2006).
- [14]. Mayangsari, Sekar. "Empirical Evidence The Effect of Industrial Auditor Specialization on Earnings Response Coefficient." *Indonesian Journal of Accounting* 7, no. 2 (May 2004): 154-178.
- [15]. Miller, Janice S. Robert M. Wiseman. Luis R. Gomez-Mejia. "The Fit between CEO Compensation Design and Firm Risk" *The Academy of Management Journal* 45, no. 4 (Aug 2002): 745-756.
- [16]. Mulyani, Sri . NurFadjrihAsyik. Andayani. "Factors Affecting Earnings Response Coefficient in Companies Listed on the Jakarta Stock Exchange." *JAAI* 11, no. 1 (June 2007): 35-45.
- [17]. Nachrowi, NachrowiDjalal and Usman, Haridus. *Use of Econometrics Techniques*. Jakarta: RajagrafindoPerada, 2005.
- [18]. Nurdin, Emillia. "Pengungkapan Tema-Tema Sosial and Lingkungan dalam Laporan Tahunan terhadap Reaksi Company Investor." *Jurnal Sumberdaya Insani* No. 14. (July 2008): 37-49.
- [19]. Oemar, Ira. "Commemorating 6 Years of Lapindo Brantas Drilling Tragedy (ch.-2): Negligence of Drilling Changed So" *National Disaster* ". Available from <http://media.kompasiana.com/buku/2012/05/30/memingati-6-tahun-tragedi-drilling-lapindo-brantas-bag-2-neglect-drilling-turned-into-bencana-national/> #: Internet; accessed September 5, 2012.
- [20]. Palupi, Teak Margareta. "Analysis of Factors Affecting Earnings Response Coefficient: Empirical Evidence on the Jakarta Stock Exchange." *Journal of Bankank* 3 (November 2006): 9-25.
- [21]. Purnamasari, Dian Indri. "Signaling Theory Implications for Announcement of Dividend Cuts Distribution of Market Reactions." *Surabaya Economic Research Symposium II* 23-24 November 2005.
- [22]. Rahraja and Sari, Maylia Pramono. "Comparison of Analysis Tools" (Discourse and Logistic Regression) to Rating Bonds (PT Pefindo). " *Jurnal Maksi* 8, no.1 (January 2008): 87-104.
- [23]. Sayekti, Yosefa and Wondabio, Ludovicus Sensi. "The Effect of CSR Disclosure on Earnings Response Coefficient." Article Presented at the Makassar 10th Accounting National Symposium July 26-28, 2007.
- [24]. Scoot, William. *Financial Accounting Theory*, 6th ed. Toronto: Pearson, 2012.
- [25]. Suaryana, Agung. "The Effect of Audit Committees on Profit Quality." Article Presented at the National Accounting Symposium 8 (September 2005): 147-158.
- [26]. Sunarto. "Agency Theory and Profit Management." *Accounting Study* 1, no. 1 (February 2009): 13-28.
- [27]. Susilawati, Christine Dwikarya. "Determinants of ERC." *Journal of Scientific Accountance* 7 no. 2 (November 2008): 146-161.

- [28]. Susilosado, Priyanto. "Implementation of Corporate Social Responsibility to Support Sustainable Development." *Public Spirit* 4, no. 2 (October 2008): 123-130.
- [29]. Tsoutsoura, Margarita. "Corporate Social Responsibility and Financial Performance." 2004. Available on the web <http://escholarship.org/uc/item/111799p2#page-4>; Internet; accessed 6 September 2012.
- [30]. Ujiantho, ArifMuh. and BA Scouts. "Corporate Governance, Profit Management and Financial Performance Mechanisms." Article Presented at the Makassar 10th National Accounting Symposium July 26-28, 2007.
- [31]. Wahyudi, Untung and Pawestri, Hartini Paretyaning. "Implications of Ownership Structures on Corporate Value: with Financial Decisions as Intervening Variables." Article Presented at the 9th National Accounting Symposium in Padang on August 23-26, 2006.

APPENDIX A

CSR Information Disclosure Checklist

| No | INDICATOR |
|----|--|
| | ECONOMY |
| | Aspect: Economic Performance |
| 1 | Acquisition and distribution of direct economic value, including income, operating costs, employee benefits, donations, and other community investment, land tenure, and payments to funders and the government. |
| 2 | The financial implications and other risks of climate change result in opportunities for organizational activities. |
| 3 | Guarantees organizational liability for compensation programs. |
| 4 | Significant financial assistance received by the government |
| | Aspect: Market Presence |
| 5 | The lowest standard range is compared to the local minimum wage at a significant operating location. |
| 6 | Policies, practices, and export expenditures for local suppliers at significant locations of operation. |
| 7 | Local hiring procedures and proportions of local senior management employed at significant locations of operation. |
| | Aspect: Economic Impact Not Direct |
| 8 | The development and impact of infrastructure investment in services provided for the interests of the commercial, in-kind, or pro bono publics. |
| 9 | Understanding and explaining the economic impact is not significant, including some of its impacts. |
| | ENVIRONMENT |
| | Aspect: Material |
| 1 | Use of ingredients; broken down by weight or volume |
| 2 | Percentage of Use of Ingredients in Recycle |

| | |
|----|--|
| | Aspect: Energy |
| 3 | Direct Energy Use of Primary Energy Resources |
| 4 | Energy Usage Not Directly Based on Primary Sources |
| 5 | Energy savings for conservation and efficiency improvement |
| 6 | Initiatives to get products and services based on energy-efficient or renewable energy, as well as reducing energy requirements as a result of the initiative. |
| 7 | Initiatives to reduce indirect consumption and achieve reductions |
| | Aspect: Water |
| 8 | Total water withdrawal per source |
| 9 | Sources of water affected are significantly significant due to water uptake |
| 10 | Percentage and total volume of water used and recycled |
| | Aspect: Biodiversity |
| 11 | Location and Size of Land owned, leased, managed by reporting organizations located within, or adjacent to protected areas (protected?) Or areas that have high biodiversity and high biodiversity in protected areas. |
| 12 | The description of the various significant impacts caused by the activities, products, and services of pelaportapai biodiversity in protected areas (protected) and in areas that have high biodiversity high in areas outside protected (protected) areas |
| 13 | Habitat Protection and Restoration |
| 14 | Strategies, actions, and plans for coming to manage impacts on biodiversity |
| 15 | The number of species is based on the rate of extinction of species included in the IUCN Red List Species and included in the conservation list with habitats in habitats in areas affected by operations |
| | Aspects: Emissions, Effluents and Waste |
| 16 | The amount of greenhouse gas emission which is direct or not is directly determined by weight |
| 17 | Greenhouse gas emissions are not immediately straightforward based on the weight |
| 18 | Initiatives to reduce GHG emissions and their achievements |
| 19 | Emissions of chemicals that damage linozone (ozone-depleting substances / ODS) are detailed by weight |
| 20 | NO _x , SO _x and other emissions are signifi cantly broken down by type and weight |
| 21 | The amount of water discharged according to quality and purpose |
| 22 | Amount of wastewater with type and disposal method |
| 23 | Significant number and volume of spills |
| 24 | The weight of waste transported, imported, exported, or processed that is considered hazardous in accordance with the Annexes to the Basel I, II, III and VIII Conventions, and the percentage of waste collected |

| | |
|----|---|
| | internationally. |
| 25 | Identity, size, protection status and biodiversity value of water bodies and related habitats that are significantly affected by the reporting organization's water discharge and runoff. |
| | Aspects: Products and Services |
| 26 | Initiatives to reduce the impact on the environment of products and services and the extent of the impact of the reduction. |
| 27 | Percentage of products sold and material packaging withdrawn according to category. |
| | Aspect: Compliance |
| 28 | Monetary Value Significant fines and the number of non-monetary donors above the violation of law and environmental regulations. |
| | Aspect: Transportation |
| 29 | Significant environmental impacts result from the removal of products and other goods and materials used for company operations, and labor migrants. |
| | Aspect: Comprehensive |
| 30 | Total expenses for protection and investment in the environment according to type. |
| | SOCIAL |
| | EMPLOYMENT |
| | Aspect: Work |
| 1 | Number of workers according to the type of work, contract of work, and region. |
| 2 | Number and level of employee turnover according to group of people, sex, and region. |
| 3 | The benefits provided by permanent employees (full-time) are not provided for permanent employees (part-time) according to the main activities. |
| 4 | Return to work and level of retention after parental leave, based on gender |
| | Aspect: Workforce / Relationship Management |
| 5 | The percentage of employees protected by bargaining agreements is effective. |
| 6 | The minimum notice period for changes in important activities, including whether the magnitude is clear in the collective agreements. |
| | Aspect: Health and Safety Position |
| 7 | The percentage of official workforce represented on the Health and Safety committee of management and workers who helped monitor and advise for occupational safety and health programs. |

| | |
|----|--|
| 8 | Rates of physical accidents, occupational illnesses, lost days, and absences, and the number of deaths due to work by region |
| 9 | Educational programs, training, counseling / guidance, prevention, control of local health centers to help employees, family members and community members, regarding severe / dangerous diseases. |
| 10 | Health and safety issues included in the official agreement with the employees' association. |
| | Aspect: Training and Education |
| 11 | Average hours of training every year for employees according to categories / groups of employees. |
| 12 | Programs for life-long skills and learning that support the employment of employees and assist them in arranging career endings. |
| 13 | The percentage of employees who receive a review of the performance and development of caricature regularly. |
| | Aspect: Equality and Opportunity |
| 14 | The composition of the governing body / authority and the details of the work of each category / group according to gender, group of people, membership of the minority groups, and diversity of other indicators. |
| 15 | Comparison / constellations of priests to women according to groups / categories of employees. |
| | HUMAN RIGHTS |
| | Aspect: Investment and Procurement Practices |
| 1 | Percentage and number of significant investment agreements that contain a human rights clause or have undergone a screening / filtration process related to humanitarian skills. |
| 2 | Percentage of suppliers and significant contractors who have undergone a screening / filtration process on the human rights aspect |
| 3 | Number of training sessions for employees and in terms of policies and procedures related to human rights aspects that are relevant to organizational activities, including the percentage of employees who have already undergone training. |
| | Aspect: Non-discrimination |
| 4 | Number of cases of discrimination and actions taken / carried out. |
| | Aspect: Freedom of Association and Collective Bargaining |
| 5 | All identified association and assembly activities can pose a significant risk as well as actions taken to support these rights. |
| | Aspect: Child Labor |
| 6 | Identifying activities that contain a significant risk can result in the employment of children, and steps taken to support the elimination of child labor. |
| | Aspect: Forced Labor and Obligatory Work |

| | |
|----|---|
| 7 | Identified activities that contain significant risks can result in forced or compulsory labor, and steps that have been taken to support the elimination of forced labor or forced labor. |
| | Aspect: Security Measures |
| 8 | Percentage of personnel trained in security in terms of organizational policies and procedures related to the human rights aspect that is relevant to organizational activities |
| | Aspect: Original Population Rights |
| 9 | Number of cases of violations related to original resident rights and steps taken. |
| | Aspect: Assessment |
| 10 | Percentage and number of operations that have reviewed human rights and / or impact assessments |
| | Aspect: Remediation |
| 11 | Number of complaints related to humanitarian aid, submitted, handled and resolved through official complaint mechanism |
| | PUBLIC |
| | Aspect: Community |
| 1 | Percentage of operations with local community involvement, impact assessment and development programs |
| 2 | Operations with significant or negative potential or actual impacts on local communities |
| 3 | Prevention and three-step measures implemented in the operation with significant negative or actual impacts on local communities |
| | Aspect: Corruption |
| 4 | Percentage and number of business units that have suffered from corruption. |
| 5 | Percentage of employees trained in corrupt policies and procedures. |
| 6 | Actions taken in response to corruption. |
| | Aspect: Public Policy |
| 7 | Public policy positions and participation in the process of lobbying and making public policy. |
| 8 | The financial and natural contribution value to political parties, politicians, and institutions is related to the country where the company operates. |
| | Aspect: Uncompetitive Behavior |
| 9 | The number of legal actions against violations of the terms of competition, anti-trust, and the practice of monopoly assertion. |
| | Aspect: Compliance |
| 10 | The value of money from the significance and number of non-monetary donors for violations of laws and regulations |
| | RESPONSIBILITIES FOR THE PRODUCT |
| | Aspects: Health and Safety of Customers |

| | |
|---|---|
| 1 | The stage of life in which the impacts of products and services concerning health and safety are valued for improvement, and the percentage of categories of important products and services that must follow these proposals |
| 2 | The number of customers to the regulations and ethics regarding the impact on health and safety of a product and service during life, per product. |
| Aspect: Label Installation for Products and Services | |
| 3 | Types of information on products and services required by the procedures and percentage of significant products and services related to the information required. |
| 4 | Number of violations of regulations and voluntary codes regarding the provision of product and service information and the provision of labels, per product. |
| 5 | Practices related to customer satisfaction include survey results that measure customer satisfaction. |
| Aspect: Marketing Communication | |
| 6 | Programs for compliance with the law, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. |
| 7 | The number of regulatory violations and voluntary codes voluntarily promotes marketing communications including advertising, promotion, and sponsorship, according to its products. |
| Aspect: Customer Privacy | |
| 8 | Total number of complaints based on customer privacy violations and loss of customer data |
| Aspect: Compliance | |
| 9 | Monetary value of laws and regulations violating the procurement and use of products and services |

APPENDIX B
List of Sample Company Names

| No | Code | Name | Sector | Part |
|----|------|--------------------------|---------------------------|-----------------------------|
| 1 | AKKU | Aneka KemasindoUtamaTbk | Basic & Chemical Industry | Plastics & Packaging |
| 2 | AMFG | Asahimas Flat Glass Tbk | Basic & Chemical Industry | Ceramics, Glass & Porcelain |
| 3 | APLI | Asiaplast Industries Tbk | Basic & Chemical Industry | Plastics & Packaging |
| 4 | ARNA | ArwanaCitramuliaTbk | Basic & Chemical Industry | Ceramics, Glass & Porcelain |

| | | | | |
|----|---------------------------|--|---------------------------|-----------------------------|
| 5 | BRNA | BerlinaTbk | Basic & Chemical Industry | Plastics & Packaging |
| 6 | BRPT | Barito Pacific Tbk | Basic & Chemical Industry | Chemicals |
| 7 | BTON | BetonjayaManunggalTbk | Basic & Chemical Industry | Metal & Allied Products |
| 8 | BUDI | Budi Acid Jaya Tbk | Basic & Chemical Industry | Chemicals |
| 9 | CPIN | Charoen Pokphand Indonesia Tbk | Basic & Chemical Industry | Animal Feed |
| 10 | ETWA | EterindoWahanatamaTbk | Basic & Chemical Industry | Chemicals |
| 11 | FASW | Fajar Surya WisesaTbk | Basic & Chemical Industry | Pulp & Paper |
| 12 | GDST | GunawanDianjaya Steel Tbk | Basic & Chemical Industry | Metal & Allied Products |
| 13 | IGAR | KageoIgar Jaya Tbk | Basic & Chemical Industry | Plastics & Packaging |
| 14 | IKAI | IntikeramikAlamasriIndustriTbk | Basic & Chemical Industry | Ceramics, Glass & Porcelain |
| 15 | INCH | Intanwijaya International Tbk | Basic & Chemical Industry | Chemicals |
| 16 | INTP | Indocement Tunggal Prakarsa Tbk | Basic & Chemical Industry | Cement |
| 17 | JPFA | Java Pelletizing Factory (JAPFA) Comfeed Indonesia Tbk | Basic & Chemical Industry | Animal Feed |
| 18 | JPRS | Jaya Pari Steel Tbk | Basic & Chemical Industry | Metal & Allied Products |
| 19 | Indonesian Embassy | KertasBasukiRachmat Indonesia Tbk | Basic & Chemical Industry | Pulp & Paper |
| 20 | LION | Lion Metal Works Tbk | Basic & Chemical Industry | Metal & Allied Products |
| 21 | LMSH | Lionmesh Prima Tbk | Basic & Chemical Industry | Metal & Allied Products |
| 22 | PLAY | MalindoFeedmillTbk | Basic & Chemical Industry | Animal Feed |
| 23 | MLIA | MuliaIndustrindoTbk | Basic & Chemical Industry | Ceramics, Glass & Porcelain |
| 24 | SAIP | Surabaya Agung Industry Pulp &KertasTbk | Basic & Chemical Industry | Pulp & Paper |
| 25 | READY | SekawanIntipratamaTbk | Basic & Chemical Industry | Plastics & Packaging |
| 26 | SIPD | Sierad Produce Tbk | Basic & Chemical | Animal Feed |

| | | | Industry | |
|----|--------------|------------------------------|---------------------------|-----------------------------|
| 27 | SMCB | Holcim Indonesia Tbk | Basic & Chemical Industry | Cement |
| 28 | SMGR | Semen Gresik Tbk | Basic & Chemical Industry | Cement |
| 29 | SPMA | SuparmaTbk | Basic & Chemical Industry | Pulp & Paper |
| 30 | SRSN | SarasaNugrahaTbk | Basic & Chemical Industry | Chemicals |
| 31 | TIRT | Tirta Mahakam Resources Tbk | Basic & Chemical Industry | Wood Industries |
| 32 | TOTO | Surya Toto Indonesia Tbk | Basic & Chemical Industry | Ceramics, Glass & Porcelain |
| 33 | TRST | TriasSentosaTbk | Basic & Chemical Industry | Plastics & Packaging |
| 34 | YPAS | YanaprimaHastapersadaTbk | Basic & Chemical Industry | Plastics & Packaging |
| 35 | ADES | Ades Waters Indonesia Tbk | Consumer Goods Industry | Food & Beverages |
| 36 | CEKA | Light KalbarTbk | Consumer Goods Industry | Food & Beverages |
| 37 | DLTA | Delta Jakarta Tbk | Consumer Goods Industry | Food & Beverages |
| 38 | DVLA | Darya-VariaLaboratoriaTbk | Consumer Goods Industry | Pharmaceuticals |
| 39 | GGRM | GudangGaramTbk | Consumer Goods Industry | Tobacco Manufacturers |
| 40 | HMSP | HM SampoernaTbk | Consumer Goods Industry | Tobacco Manufacturers |
| 41 | INAF | IndofarmaTbk | Consumer Goods Industry | Pharmaceuticals |
| 42 | INDF | Indofood SuksesMakmurTbk | Consumer Goods Industry | Food & Beverages |
| 43 | KAEF | Kimia FarmaTbk | Consumer Goods Industry | Pharmaceuticals |
| 44 | KDSI | KedawungSetia Industrial Tbk | Consumer Goods Industry | Houseware |
| 45 | KLBF | Kalbe FarmaTbk | Consumer Goods Industry | Pharmaceuticals |
| 46 | LMPI | LanggengMakmurIndustriTbk | Consumer Goods Industry | Houseware |
| 47 | BRAND | Merck Tbk | Consumer Goods Industry | Pharmaceuticals |

| | | | | |
|----|-------------|------------------------------------|-------------------------|-------------------------|
| 48 | MLBI | Multi Bintang Indonesia Tbk | Consumer Goods Industry | Food & Beverages |
| 49 | PSDN | Prasidha Aneka NiagaTbk | Consumer Goods Industry | Food & Beverages |
| 50 | PYFA | PyridamFarmaTbk | Consumer Goods Industry | Pharmaceuticals |
| 51 | RMBA | Bentoel International InvestamaTbk | Consumer Goods Industry | Tobacco Manufacturers |
| 52 | TCID | Mandom Indonesia Tbk | Consumer Goods Industry | Cosmetics & Household |
| 53 | ULTJ | Ultra Jaya Milk Industry Tbk | Consumer Goods Industry | Food & Beverages |
| 54 | UNVR | Unilever Indonesia Tbk | Consumer Goods Industry | Cosmetics & Household |
| 55 | ADMG | Polychem Indonesia Tbk | Miscellaneous Industry | Textile & Garment |
| 56 | ARGO | Argo PantesTbk | Miscellaneous Industry | Textile & Garment |
| 57 | ASII | Astra International Tbk | Miscellaneous Industry | Automotive & Components |
| 58 | AUTO | Astra OtopartsTbk | Miscellaneous Industry | Automotive & Components |
| 59 | BIMA | Primarindo Asia Infrastructure Tbk | Miscellaneous Industry | Footwear |
| 60 | BRAM | Indo KordsaTbk | Miscellaneous Industry | Automotive & Components |
| 61 | ERTX | EratexDjajaTbk | Miscellaneous Industry | Textile & Garment |
| 62 | ESTI | Ever Shine Textile Industry Tbk | Miscellaneous Industry | Textile & Garment |
| 63 | GJTL | Gajah Tunggal Tbk | Miscellaneous Industry | Automotive & Components |
| 64 | IMAS | IndomobilInternationalSuccessTbk | Miscellaneous Industry | Automotive & Components |
| 65 | INDS | IndospringTbk | Miscellaneous Industry | Automotive & Components |
| 66 | JECC | Jembo Cable Company Tbk | Miscellaneous Industry | Cable |
| 67 | KBLI | KMI Wire and Cable Tbk | Miscellaneous Industry | Cable |
| 68 | KBLM | KabelindoMurniTbk | Miscellaneous Industry | Cable |
| 69 | MASA | MultistradaArahSaranaTbk | Miscellaneous Industry | Automotive & Components |
| 70 | MYTX | APAC Citra Centertex Tbk | Miscellaneous Industry | Textile & Garment |

| | | | | |
|----|-------------|---|------------------------|-------------------------|
| 71 | PBRX | Pan Brothers Tbk | Miscellaneous Industry | Textile & Garment |
| 72 | POLY | Polysindo Eka Perkasa Tbk | Miscellaneous Industry | Textile & Garment |
| 73 | PTSN | Sat Nusapersada Tbk | Miscellaneous Industry | Electronics |
| 74 | SCCO | Sucaco (Supreme Cable Manufacturing & Commerce) Tbk | Miscellaneous Industry | Cable |
| 75 | SMSM | Congratulations Perfect | Miscellaneous Industry | Automotive & Components |
| 76 | SSTM | Sunson Textile Manufacturer Tbk | Miscellaneous Industry | Textile & Garment |
| 77 | UNTX | Unitex Tbk | Miscellaneous Industry | Textile & Garment |
| 78 | VOC | Voksel Electric Tbk | Miscellaneous Industry | Cable |

APPENDIX C
Classic Assumption Testing Results

Regression model I

1. Normality Test

One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|-----------------------------------|----------------|-------------------------|
| N | | 124 |
| Normal Parameters ^{a, b} | The mean | .0000000 |
| | Std. Deviation | 2.22600112 |
| Most Extreme Differences | Absolute | .120 |
| | Positive | .063 |
| | Negative | -.120 |
| Kolmogorov-Smirnov Z | | 1,341 |
| Asymp. Sig. (2-tailed) | | .055 |

a. Test distribution is Normal.

b. Calculated from data.

2. Multicollinearity Test

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------|-----------------------------|------------|---------------------------|---|------|-------------------------|-----|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| | | | | | | | |

| | | | | | | | | |
|---|------------|--------|-------|-------|--------|------|------|-------|
| | (Constant) | 5,717 | 649 | | 8,805 | .000 | | |
| 1 | EU | .351 | .216 | .141 | 1,622 | .107 | .990 | 1,010 |
| | CSRI | -1,130 | 1,910 | -.052 | -.592 | .555 | .972 | 1,029 |
| | UEX CSRI | -1.305 | .415 | -.277 | -3,145 | .002 | .962 | 1,039 |

a. Dependent Variable: CAR

3. Heteroscedasticity Test

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1,103 | .415 | | 2,659 | .009 | | |
| | EU | -.078 | .138 | -.051 | -.565 | .573 | .990 | 1,010 |
| | CSRI | .592 | 1,221 | .444 | .485 | .628 | .972 | 1,029 |
| | UEX CSRI | .545 | .265 | .187 | 2,055 | .042 | .962 | 1,039 |

a. Dependent Variable: Abs

Regression Model II

1. Normality Test

One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N | | 124 |
| Normal Parameters ^{a,b} | The mean | .0000000 |
| | Std. Deviation | 2.19649330 |
| | Absolute | .91 |
| Most Extreme Differences | Positive | .058 |
| | Negative | -.091 |
| Kolmogorov-Smirnov Z | | 1,011 |
| Asymp. Sig. (2-tailed) | | .258 |

a. Test distribution is Normal.

b. Calculated from data.

2. Multicollinearity Test

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|---------------------------|--------|-------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 6,162 | 4,590 | | 1,343 | .182 | | |
| | EU | .373 | .220 | .150 | 1,692 | .93 | .963 | 1,038 |
| | CSRI | -.415 | 2,257 | -.019 | -.184 | .854 | .701 | 1,426 |
| | SIZE | -.038 | .167 | -.027 | -.228 | .820 | .532 | 1,881 |
| | PBV | -.076 | .087 | -.999 | -.869 | .387 | .578 | 1,729 |
| | UE x CSRI | -1.332 | .450 | -.283 | -2,958 | .004 | .824 | 1,214 |
| | UE x SIZE | .395 | .388 | .110 | 1,019 | .1010 | .644 | 1,553 |
| | UE x PBV | .374 | .344 | .113 | 1,087 | .279 | .697 | 1,435 |

a. Dependent Variable: CAR

3. Heteroscedasticity Test

Coefficients ^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|--------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 (Constant) | -657 | 2,890 | | -.227 | .821 | | |
| EU | -.019 | .139 | -.013 | -.139 | .889 | .963 | 1,038 |
| CSRI | .622 | 1,421 | .477 | .438 | .662 | .701 | 1,426 |
| SIZE | .061 | .105 | .071 | .574 | .567 | .532 | 1,881 |
| PBV | -.024 | .055 | -.051 | -.432 | .666 | .578 | 1,729 |
| UEX CSRI | .510 | .284 | .180 | 1,800 | .74 | .824 | 1,214 |
| UEX SIZE | -.013 | .244 | -.006 | -.053 | .958 | .644 | 1,553 |
| UEX PBV | .157 | .217 | .079 | .725 | .470 | .697 | 1,435 |

a. Dependent Variable: Abs