Corporate Philanthropy Disclosure of State-Owned Enterprises in Indonesia

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Abstract: Corporate philanthropy is becoming big in businesses and a major strategic issue for firms as they actively aim to be socially responsible organizations. This study aims to measure the extent of corporate philanthropy disclosure (CPD) and the impacts of foreign ownership, managerial ownership, the proportion of independent directors, and company size on CPD in annual reports of state-owned enterprises (SOEs) in Indonesia. The level of CPD in this study was measured using an index adapted from earlier research and regulation. Annual reports of 153 SOEs for 2010–2012 were examined to measure the extent of CPD and investigate its potential determinant factors. Study results indicate that company size has a significant positive effect on CPD and managerial ownership has a moderate effect. In addition, the results also show that the control variable, public company (Perum), has a significant effect on CPD in SOEs in Indonesia. The average CPD rate is only 63.00%, which indicates that CPD has been commonly disclosed in annual reports. The findings regarding corporate philanthropy in annual reports should be a concern to regulatory authorities and standard-setters in Indonesia.

Keywords: corporate philanthropy, disclosure, institutional theory.

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INTRODUCTION

Earlier research studies interpret that there exists belief that ethical business cultures contribute to long-term business prospect that can build positive moral capital (Eger et al., 2019). This action reflects on corporations' investment in philanthropic projects, which establish a connection between the top of the pyramid of corporate social responsibility and wider stakeholder interests (Carroll & Shabana, 2010; Ismail, 2009). Nowadays, corporate philanthropy is becoming big business and a major strategic issue for firms as they increasingly position themselves as socially responsible organizations. Gao et al. (2017) argue that corporate philanthropy is a dominant corporate response to social needs. Charitable programs, such as education, the arts, health care,

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and disaster relief (Godfrey, 2005; Wang & Qian, 2011), have received much attention from business academia during the past few decades. However, earlier research studies indicate that the reporting of corporate charitable donations has received very limited attention in the academic literature (Campbell & Slack, 2008; Griffin & Mahon, 1997; Peloza, 2009).

Earlier research studies indicate that corporate philanthropy is a key component in corporate social responsibility (Porter & Kramer, 2002). Furthermore, corporate philanthropy can be used to improve the quality of the business environment by combining social and economic goals, thus enhancing future business prospects. Berman et al. (1999) argue that corporate philanthropy is considered an effective way for companies to actualize their corporate social responsibility to society. Corporate philanthropy provides a platform to demonstrate their concerns to the stakeholders, particularly the community (Raja Ahmad et al., 2011). Buchholtz et al. (1999) assume that corporate philanthropy is like a vehicle using which the company shows a concern for the community.

Corporate philanthropy covers a wide range of activities such as donations in the form of money or other resources, by a company for the purposes of the community and the surrounding social environment (Raja Ahmad et al., 2011). The aim of corporate philanthropy practice is to increase the value of the company by the achievement potential strategic effects (Gao et al., 2012). Although corporate philanthropy cannot provide economic benefits in the short term, but in the long term it can enhance the reputation or image of the company for the consumers (Petrovits, 2006). Another benefit that may arise, for example, is the goodwill arising from the involvement of the company in charitable activities that leads to the increase of employee morale, customer loyalty, and more lenient treatment by regulators or government officials (Brown et al., 2006). However, some parties have a different view with regard to corporate philanthropy. They express worries about the lack of economic benefits or value that can be obtained from this activity (Valor, 2007).

Corporate philanthropy is one of the activities of the organization that can be influenced by many factors. Some studies suggest that factors outside the organization have an impact on the activities of the organization. Scott (2005) proved that social factors have largely contributed in determining the direction of the activities of the organization. Other studies provide evidence that external factors (Frumkin and Galaskiewicz, 2004), society expectation factors (Ashworth et al., 2009), exogenous factors (Dacin et al., 2002), and environmental factors (Jun & Weare, 2011) also influenced the activities of the organization. All of these studies demonstrate a strong correlation between institutional and organizational dynamics.

The activities of the organization will affect its performance. Good performance of the organization tends to be viewed by both stakeholders and society. However, empirical studies prove that the performance of the organization is influenced by several factors such as regulatory factors and government policy (Rassier & Earnhart, 2010), political control factors and government intervention (Chang & Wong, 2004; Davies & Walters, 2004), and institutional factors (Child et al., 2003).

Institutional theory is considered in this study because it examines the organizational behavior that is affected by cultural, political, legal, and social factors. Institutional theory is used to determine the extent of isomorphism phenomenon (coercive, mimetic, and normative) in financial statements disclosure. The rationale that became a staple of institutional theory is that organization must survive by convincing publics that they are a legitimate entity and deserve to be supported (Ashworth et al., 2009; DiMaggio & Powell, 1983; Frumkin & Galaskiewicz, 2004; Meyer & Rowan, 1977).

Institutional theory tells about how organizations face and react to pressure (Perera & Baydoun, 2007). The main idea of institutional theory is the practice of organization that arises from coercion and tradition. In facing those coercion and pressure, the organization tends to separate their internal (Cavalluzzo & Ittner, 2004), external, and symbolic activities (Meyer & Rowan, 1977). Scott (2005) states that institutional theory is used to

explain the action and decisions taken by public organizations, but those acts are common to or isomorphism with other public organizations (DiMaggio & Powell, 1983). It means that corporate philanthropy disclosure (CPD) is only a trailing act to get external legitimacy.

Philanthropic activities are not alien in Indonesian companies. Indonesian government has been actively encouraging public-listed companies to set aside a portion of their profits to the community. Through the Minister of State-Owned Enterprises of Indonesia (number: Per-05/MBU/2007), Indonesian Government would like to be outstanding among other companies in contributing to philanthropic activities in its surrounding environment. In these regulations, the government requires state-owned enterprises (SOEs) to implement the Partnership and Community Development Program as an invitation to other companies to contribute to philanthropy activities. However, after several years, there has been no in-depth study on how the practices and the disclosure of corporate philanthropy have been made.

There are several lines of research on corporate philanthropy, but mostly focused on the practice and the application (Amran et al., 2007; Bennett, 1998; Blagov & Petrova-Savchenko, 2012; Brown et al., 2006; Buchholtz et al., 1999; Collins, 1994; Gao et al., 2012; Porter & Kramer, 2002; Seifert et al., 2003; Valor, 2007; Wang & Coffey, 1992). However, there are only a few research studies that have focused on the disclosure of the corporate philanthropy such as Raja Ahmad et al. (2009). Research on CPD is considered to be very important because the amount of resources expended in philanthropy activities can overcome problems between companies and institution where the organization is located. However, Campbell et al. (2002) note that corporate philanthropy remains as an area that is still less explored compared to other major themes of corporate social responsibility, despite its importance. In addition, the reporting of corporate charitable donations has received very limited attention in the academic literature (Campbell & Slack, 2008).

Companies with considerable foreign ownership are becoming the focus of the attention and scrutiny from stakeholders such as the government and the public (Ghazali, 2007). The attention enables such companies to show their social image by implementing and reporting their social responsibility activities (Amran & Devi, 2008). The disclosure of social information can eliminate the criticism that these companies only exploit the economic resources of developing countries (Ghazali, 2007). Furthermore, La Porta et al. (2000) identify several risks related to foreign share such as legal protection, political risk, and information asymmetry. Hence, foreign shareholders need extra information in order to monitor the firm. Earlier studies indicate that foreign shareholders have difficulty in controlling management because of geographical difference, and the barrier of language and culture (Bradbury, 1992). Earlier research studies indicate that there is a positive relationship between the voluntary disclosure and foreign ownership (Haniffa & Cooke, 2002; Mangena & Taurigana, 2007).

Earlier studies interpret that ownership structure is associated with the extent of company disclosure (Mokhtar & Mellet, 2013). Managerial ownership is the percentage of ordinary shares held by CEO, executive directors, and management. Empirically, the results of several studies are mixed. Ghazali (2007) argues that firms with high managerial ownership view public accountability less problematic because the interests of outsiders are relatively small. In addition, because the level of public interest toward the company is relatively high, such companies may be less active in social activities. In institutional theory, companies tend to act with intention to get public legitimacy (Ashworth et al., 2009; DiMaggio and Powell, 1983; Frumkin & Galaskiewicz, 2004; Meyer & Rowan, 1977). That tendency makes managers of the company to voluntarily disclose their activities of the company in their financial reports. However, in contrast, Wang and Coffey (1992) express that managerial control (percentage of shares held by insiders) is positively related to donations given by companies.

Eng and Mak (2003) argue that lower managerial ownership may encourage managers to receive more perk and against wealth maximization of shareholders. This action will increase monitoring cost to reduce the agency problem (Jensen & Meckling, 1976). This leads to several studies to find out a negative relationship

between managerial ownership and the extent of voluntary disclosure (e.g., Akhtaruddin & Haron, 2010; Eng & Mak, 2003).

The composition of the independent commissioner is a part of the board of commissioners as an independent individual in the modern enterprise to represent the interests of different stakeholder groups, both financial and non-financial stakeholders (Haji, 2013). Independent commissioner plays an important role in improving the image of the company and acts as a monitoring role in ensuring that the company is managed properly by the management (Said et al., 2009). Probohudono et al. (2013) argue that the commissioner board structure is independent in potentially improving the dissemination of information relating to the risks associated with social responsibility and economic issues of the company.

Wang and Coffey (1992) explain that the composition of the independent commissioner has a positive effect on corporate philanthropy. The composition of the independent directors in excess of 50% will strengthen the oversight of corporate philanthropy activities, so that these activities will be maximal.

In general, large firms disclose more information compared to small firms (Meek et al., 1995). Larger firms are more complex and have wider ownership compared to smaller firms (Kamal Hassan, 2009). Thus, large firms should have additional incentive for voluntary disclosure compared to small firms. Many earlier research studies state that company size has a positive influence on corporate philanthropy (Adams & Hardwick, 1998; Amran & Devi, 2008; Amran et al., 2007; Galaskiewicz, 1997; Raja Ahmad et al., 2011). The size of the organization is a relevant factor because it reflects the amount of resources that can be contributed (Buchholtz et al., 1999). Companies use philanthropy to improve their image in front of stakeholders (Gao et al., 2012). Belkaoui and Karpik (1989) recognize that the image building and public interest problems may affect the decision to engage in social responsibility and to disclose such activities. With the growing size of the company, the expected profits will also increase, so the amount of donations the companies make will be greater.

This study aims to measure the extent of CPD and the impacts of foreign ownership, managerial ownership, the proportion of independent directors, and company size on corporate philanthropy practices in annual reports of SOEs in Indonesia. In this study, the level of CPD was measured using an index adapted from earlier research, and the Regulation of the Indonesia Minister of State-Owned Enterprises (SOEs) number PER-05/MBU/2007 on SOE Partnership Program with Small Business and Community Development Program.

This study is expected to contribute to the accounting literature through CPD and to examine the impacts of foreign ownership, managerial ownership, the proportion of independent directors, and company size on corporate philanthropy practices in annual reports of SOEs in Indonesia. The findings of this research study regarding CPD in annual reports can be used by investors as reliable information to make investment decisions. In addition, this result regarding CPD in annual reports should be a concern to regulatory authorities and standard-setters in Indonesia to evaluate their regulation in the capital market.

METHODS

This study used a sample of 51 SOEs in Indonesia between 2010 and 2012; a total of 153 annual reports are analyzed in this study. The sampling technique used is purposive sampling. Purposive sampling technique, which is also called judgment sampling, is a random sampling technique or deliberate choice of an informant because of the quality of information (Tongco, 2007). Sampling criteria are listed SOEs, present and published annual report in 2010–2012, which present the complete and clear data which are associated with the variables used in the study.

The data used in this study are secondary data, and are obtained as the soft copy of SOEs' annual report during 2010–2012. The data were obtained from the website of the company or from the website of the Indonesia Stock Exchange (IDX) for SOEs which are listed on the IDX.

A variable is an attribute or the nature or value of people, objects, or activities that have a certain variation defined by the researchers to be studied or drawn conclusions (Sugiyono, 2009). This study uses three types of variables: dependent variable, independent variable, and control variable. Measurement of each variable is explained in Table 1.

Table 1 Operational Definition of Independent Variables

Independent Variables	Measurement
Managerial Ownership	The percentage of managerial' shares over the total shares
Foreign Ownership	The percentage of foreign' shares over the total shares
Composition of the Independent Commissioner	The percentage of independent commissioner over the total commissioner board
Firm Size	Natural logarithm of total assets

In this study, the dependent variable used is the CPD. This variable is measured by the corporate philanthropy index (CPI), which is adapted from Raja Ahmad (2010), Amran et al. (2007), Seifert et al. (2003), Adams and Hardwick (1998), and the Regulation of the Indonesia Minister of State Owned Enterprises (SOEs) number PER-05/MBU/2007 on SOE Partnership Program with Small Business and Community Development Program (CSR). CPD reflects the donation of the company to the society. In this research study, CPI scoring technique with un-weighted index is used.

In this study, CPI is divided into two categories: voluntary and mandatory through the Regulation of the Minister of SOEs on CSR. CPI constitutes 16 items of corporate philanthropy activities, and a check list is created to measure the disclosure in the annual report of the company. The scores of "1" are assigned to items disclosed in each annual report of the company. The index calculation is carried out by comparing the total items' disclosures in the annual report with the total items in the CPI (16 items). This study used the same index between 2010 and 2012. There was no change for volunteering to be mandatory in 2010–2012. The pooled data of CPI are prepared for 3 years observed in this study.

In a scientific study, there are some extraneous variables that must be controlled. These variables are considered irrelevant in explaining the dependent variable, but it is likely to have an influence on the dependent variable (Bhattacharjee, 2012). These variables are known as control variables. This study uses several control variables such as age of companies, leverage that is measured by comparing the total liabilities to total assets of the company, profitability that is measured using return on assets (ROA), public company (*Perum*), and year that uses dummy categorization.

Data in this study are analyzed using multiple linear regression model analysis using the STATA program. The regression equation used in this study is as follows:

$$CPD = \alpha + \beta_1 FORON + \beta_2 MANON + \beta_3 KOMIN + \beta_4 SIZE + \beta_5 AGE + \beta_6 PROFIT + \beta_7 LEV + \beta_8 PERUM + \beta_9 YEAR + \varepsilon$$

where CPD: corporate philanthropy disclosure; FORON: foreign ownership; MANON: managerial ownership; KOMIN: proportion of independent commissioner; SIZE: company size; AGE: company age; PROFIT: profitability; LEV: leverage; PERUM: public company; YEARS: Categorical 2010, 2011, 2012.

RESULTS AND DISCUSSION

During the period 2010–2012, there is a decline in the level of CPD (Table 2), in 2010 the CPD level is about 63.34%. This level decreased to 62.03% in 2011, and then increased again in 2012 up to 63.63%. Overall from 2010 to 2012, the level of SOEs' CSD in Indonesia is stagnant. Even though there is an increase in the CPD level in 2012, but it is not significant. It may occur due to a lack of awareness of the importance of voluntary disclosure primarily related to CPD. Table 2 notes that the overall philanthropy disclosure scores over the 2010–2012 time period is 63.00%. The key philanthropy items are communicated at a high level. Table 2 reveals voluntary and mandatory disclosure trends: voluntary disclosure index (42.61–43.60%) and mandatory disclosure index (80.56–84.07%).

Table 2 Descriptive Philanthropy Disclosure Item

	Pooled/n = 153 (%)	2010/n = 51 (%)	2011/n = 51 (%)	2012/n = 51 (%)
Total Philanthropy Disclosure Index	63.00	63.34	62.03	63.63
Voluntary Disclosure Index	43.24	42.61	43.51	43.60
Mandatory Disclosure Index	82.77	84.07	80.56	83.66

Table 2 illustrates that these philanthropy communication categories change over time. The lowest scores for all philanthropy disclosures are in 2010 for voluntary disclosure, and for mandatory disclosure the lowest level is in 2011.

Table 3 reveals vast disparities of communication across the various philanthropy elements. Table 3 shows that the highest and the lowest philanthropy disclosures:

Table 3 Descriptive Philanthropy Disclosure Item

Philanthropy Disclosure Item	Pool (%)	2010 (%)	2011 (%)	2012 (%)	Trend
Total Philanthropy Disclosure Index	63.00	63.34	62.03	63.63	Varies
Voluntary Disclosure Indicators	43.24	42.61	43.51	43.60	Rises
Cash donation for charity	94.11	94.20	92.83	95.30	Varies
Sponsorship	31.06	31.45	32.45	29.26	Varies
Grant	57.24	62.83	55.09	53.79	Fall
Award	16.29	7.93	21.13	19.83	Varies
Foundation	19.64	23.61	13.58	21.72	Varies
Employee Giving	1.94	3.92	1.89	0.00	Fall
Fundraising	1.26	0.00	1.89	1.89	Rises
In-Kind Contribution	94.11	94.20	92.83	95.30	Varies
Employee Time	22.03	13.81	28.68	23.60	Varies
Partnership Programs	94.74	94.20	94.71	95.30	Rises
Mandatory Disclosure Indicators	82.77	84.07	80.56	83.66	Varies
Disaster Relief	74.51	86.357	68.298	68.885	Varies
Education Aid	87.12	88.318	85.279	87.753	Varies
Health Improvement	83.27	82.435	79.619	87.753	Varies
Public Facilities	83.95	86.357	81.506	83.979	Varies
Worship Facilities	80.73	80.475	79.619	82.092	Varies
Environmental Conservation	87.02	80.475	89.053	91.526	Rises

1. Voluntary item “Partnership Programs” has the highest level of communication (94.74%); and
2. Voluntary item “Fundraising” is the lowest item disclosure (1.26%) (Table 4).

Table 4 Results of Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
CPD	0.1250	0.9375	0.629493	0.1199868
FORON	0	0.4167	0.0582162	0.1155928
MANON	0	0.2632	0.0038381	0.0274514
KOMIN	0	1	0.2306946	0.2323607
SIZE	11.62839	14.74185	12.93904	0.7786532
SIZE_RP	425,000,000,000	552,000,000,000,000		53,700,000,000,000
		124,000,000,000,000	AGE	
4	267	46.377358		39.548349
PROFIT	0.008042	0.958623	0.580031	0.247235
LEV	-0.094206	0.268362	0.066297	0.057171

Table 5 is a summary of the results of linear regression analysis. From these results, it can be concluded that the probability value from the regression model used in the study is smaller than 5% significance level that is about 0.0042. Thus, we conclude that the regression model used in this study deserves (fit) to be used as a regression model of hypothesis testing. The value of R^2 is 0.2749. From these results, it can be concluded that CPD could be explained by 27.49% of independent variables, whereas the remaining 72.51% could be explained by other variables outside the model of this study.

Table 5 Result of Linear Regression Analysis

Variables	Coef.	T	$p > t $
FORON	-0.2049711	-0.76	0.448
MANON	-0.3402124	-0.68	0.052
KOMIN	-0.001637	-0.02	0.982
SIZE	0.0580172	2.20	0.030
AGE	0.0002887	0.48	0.633
PROF	-0.5401306	-0.85	0.400
LEV	-0.0654984	-0.53	0.599
PERUM	-0.1618456	-3.02	0.003
YEAR	-0.0070189	-0.60	0.548
Const.	0.2875327	0.58	0.561
R^2	0.2749		
$F(14,90)$	2.54		
Significance	0.0042		

Table 5 also shows that foreign ownership has a significant value ($p > |t|$ value) of 0.448 that exceeds 0.05. It can be interpreted that foreign ownership has no effect on the CPD. Managerial ownership has a moderate significant value of 0.052. The proportion of independent directors given in Table 5 shows the significant value of 0.982 that is larger than 0.05. Thus the proportion of independent directors has no influence on CPD. Company size indicates a significant value of 0.030 that is less than 0.05; it can be interpreted that the size of the company has a significant impact on CPD.

The summary of regression results that could be drawn from Table 5 are:

1. There is no significant effect of both foreign ownership and proportion of independent directors on CPD. Therefore, both H1 and H3 are not supported.
2. Managerial ownership has only a moderate effect on CPD, this could be seen from the significant value of 0.052. However, H2 is not supported.
3. Only size has a significant effect on CPD, which means that H4 is supported.
4. The only control variable that has a significant effect on CPD is Perum (public companies) with a significant value of 0.002. The other control variables such as age, profit, leverage, and years do not have a significant effect on CPD.

This study indicates that the level of CPD of Indonesian SOEs is high with an average of 63% (10 items) and a maximum of 93.75% disclosure. These results show that most companies disclose as much as 63% of the items listed in the CPI. This result also shows that the CPD level in Indonesian SOEs is at a high level.

The authors believe that foreign ownership in the company will encourage philanthropy, but in fact there is no significant relationship between the two variables. Foreign ownership that is only 6% on average has not been able to have a significant influence on the social activities of the company. These results are also consistent with research conducted by Amran and Devi (2008). According to Amran and Devi (2008), the possibility of these results is due to the companies, which have foreign ownership, prefer to use other alternative media to disclose their social activities. Thus, it is consistent with the observations of this study that companies which have a considerable proportion of foreign ownership such as PT "S" Tbk and PT "P" disclose their social activities through alternative media such as television and their websites.

Managerial ownership with an average of 0.38% has not been able to affect corporate philanthropy and its disclosure significantly. Although, company philanthropy is considered to reduce the resources that could be allocated to a more profitable investment, it is also creating agency problems in the relationship between managers and shareholders. However, the results show that the manager still did the policy. Regardless of the regulations issued by the government, philanthropy policy is still being carried out because it is considered to have commensurate benefits with the resources issued by the company. Brown et al. (2006) revealed that philanthropy is done for the benefit of shareholders, the goodwill arising from the involvement in the philanthropy activities are, increased rate in the employee morale, customer loyalty, and ease if there is interest related to the regulator or government agencies. In addition, philanthropy may be driven by self-interest manager to pursue CSR activities, such as an increase in reputation, social elite membership, immunity, and distraction of mismanagement which he did (Brown et al., 2006; Wang and Coffey, 1992).

From the above study, it is known that the proportion of independent directors has no influence on CPD. This is in line with the results of research conducted by Haji (2013) and in contrast to the results presented by Wang and Coffey (1992) and Said et al. (2009). The average proportion of independent directors which is only 23.06% has not been able to provide significant pressure in the CPD. Independent directors considered ineffective at carrying out their duties of protecting and promoting the interests of shareholders, other than in the case of surveillance companies (Abdullah et al., 2011). It could happen because, in fact, there is a lack of independence. SOEs that is majority owned by the government through the Ministry of SOEs somewhat influenced by politics in the appointment of independent directors.

Company size has a significant impact on CPD, the result is in line with the results of research conducted by Galaskiewicz (1997), Adams and Hardwick (1998), Amran et al. (2007), Amran and Devi (2008), and Raja Ahmad et al. (2011). This result provides support for institutional theory tenets, which said that an

organization will resemble the other unit in the same environment. The other variable that has moderate effect toward the CPD level is managerial ownership, whereas other variables do not have a significant effect on CPD. However, the variable managerial ownership has not been able to explain the CPD level significantly.

Several control variables are included in this study such as the age of the company, profitability, leverage, and *Perum*. From the results of the regression in Table 5, only *Perum* variable affects the CPD level, with the significant value of 0.00. Regression coefficient value of the *Perum* variable is about -3.02 . From these results it can be concluded that *Perum* has a negative effect on CPD, it means that if the analysis includes the variable *Perum*, the CPD levels are relatively low compared with a state-owned company or a public company. It can conclude that if SOEs are in the form of *Perum*, the disclosure levels are much low compared to other companies. *Perum* of SOEs is 100% owned by a government. It will exert a relatively small pressure on such companies to disclose philanthropy more than the required. The lack of control from outside can cause the government to make *Perum* manager to assume that mandatory disclosure is enough.

CONCLUSION

In order to maintain its legitimacy, organizations have to disclose some information about its operation to interested parties. This study focused on the CPD level of the Indonesian SOEs. Using institutional theory, this study seeks to examine the practice of corporate philanthropy and the disclosure of such activities. A total of 153 SOEs' annual reports during 2010–2012 are examined. An index is established to measure the levels of CPD.

The first finding is that there is a stagnant growth of CPD levels in Indonesian SOEs. This could be seen from the results of descriptive statistical analysis, which shows minimum change during the observed years. The second finding, drawn from the regressions results, is that only the variable size could help explain the CPD level in the SOEs. This condition is in line with the research conducted by Galaskiewicz (1997), Adams and Hardwick (1998), Amran et al. (2007), Amran and Devi (2008), and Raja Ahmad et al. (2011). This result provides support for institutional theory tenets which said that an organization will resemble the other unit in the same environment. The other variable that has a moderate effect toward the CPD level is managerial ownership, whereas other variables do not have a significant effect on CPD. However, the variable managerial ownership has not been able to explain the CPD level significantly.

Both SOEs and private companies should publish their annual reports and make them available to public in Indonesia, but many do not. Even though they publish their annual reports, they are incomplete, unclear (some parts are missing), and badly scanned. In fact, out of 141 SOEs in Indonesia, only 88 published their annual reports starting from 2010 to 2012. Because of this researching is difficult to obtain more samples and expand the study periods.

Un-weighted scores on each item in philanthropy disclosure are used to determine the CPD level in this study, so there is no difference in scores between companies that disclose their corporate philanthropy in detail and companies that do not. For future research, researchers suggest expanding the sample and study period to compare and determine the development level in CPD. Scoring with weighted and un-weighted indexes in each disclosure item is also necessary to compare the quality of disclosure made.

Findings in this study show that CPD is not necessarily influenced by good corporate governance. SOEs are disclosing their philanthropy activities only to comply with their regulation responsibility; some other SOEs even disclose their act only if they are beneficial to their management. Since SOEs are majority owned by

government, they tend to not disclose their philanthropy activities to get more additional value for their companies.

In Indonesia, CPD will affect SOEs' value because some items in the index which are based on Decree No. SK-16/SMBU/2012 are used as assessment criteria. Management in SOEs is expected to encourage more disclosure about corporate philanthropy.

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APPENDIX

Disclosure Checklist

Corporate Philanthropy Disclosure Index		
Nature	Type	Explanation
Voluntary	Cash	Cash donation for charity
	Sponsorship	Provide assistance to community
	Grant	Donation through grants to assist social projects in community
	Award	Awards as achievement recognition for individuals, groups, or organizations
	Foundation	Donation for some foundations
	Employee Giving	Charity by deducting salaries or fundraiser to be donated to some chosen organization
	Fundraising	Help in collecting money from society and share those money to help the other society
	In-Kind Contribution	Contribute to society using non-cash product such as providing services
Mandatory	Employee Time	Corporate programs designed to engage employee to directly help society
	Partnership Programs	Program to improve the ability of small businesses through funding
	Environmental Development Programs	Community Development Program is an empowerment program in society through the use of SOEs
		Disaster Relief Education Aid Health Improvement Public Facilities Worship Facilities

Adapted from:

1. Raja Ahmad (2010)
2. Amran et al. (2007)
3. Seifert et al. (2003)
4. Adams and Hardwick (1998)
5. The Regulation of the Indonesia Minister of State-Owned Enterprises (SOEs) number PER-05/MBU/2007 on SOE Partnership Program with Small Business and Community Development Program