Abstract

Objectives This research is intended to examine the indicators and level of CSR disclosures in annual report of Indonesian companies and also to investigate the relationship of several corporate characteristics such as management ownership, corporate profitability, size, industry type, age and foreign ownership to the level of CSR disclosure. Hence, this study is conducted by regression model and hypothesis testing.

Method The method used in this study is content analysis of 34 annual reports included in the samples over three years period (2004-2006) to investigate the indicators and frequency of CSR disclosures against G3 GRI Guidelines as performance indicator. Then, the regression analysis is performed to investigate the relationship between corporate characteristics to the level of CSR disclosure in annual report.

Results The results reveals that economic disclosure is still majority disclosures made by Indonesian companies. However, the percentages of economic disclosure are decreasing over the years due to the increasing in social and environmental disclosure. Furthermore, corporate size, industry type, age and foreign ownership are found to have positive relationship to the level of CSR disclosure in annual report.

Conclusion There are increasing concerns from Indonesian companies to the extent of social and environmental disclosure in annual report. However, regulators and standard-setting bodies in Indonesia need to affirm clear accepted guidelines and regulation in the CSR area to aid harmony, integrity and transparency of such disclosure.

Key words Corporate Social Responsibility, Disclosure, G3 GRI Guidelines, Content Analysis, Corporate Characteristics, Annual Report