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The effect of ownership structure on social and environmental disclosure in Indonesia

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Abstract

This study examines the effect of ownership structure with management ownership, foreign ownership, dispersed ownership and block ownership sub-variables on social and environmental disclosure. The Global Reporting Initiative (GRI) disclosure framework was adopted to extract social and environmental disclosures. The research method used is a quantitative method. The population in this study are manufacturing sector companies listed on the Stock Exchange Indonesia in 2018-2020. A total sample of 243 was obtained using a judgment sampling technique with a sample of 81 companies. The analytical method used in this research is multiple linear regression. The results of the analysis show that on average, social and environmental disclosure in manufacturing companies in Indonesia is still quite low. This research shows that there is an influence of management ownership, foreign ownership, and block ownership on social and environmental disclosure but not significant for dispersed ownership. The results of the analysis show that foreign ownership has a fairly strong positive influence on social and environmental disclosure. It was found that foreign ownership dominates the ownership structure by 97.59%, so that company managers must give more consideration to ownership structure, especially foreign ownership and international environmental standards to design good and effective social and environmental disclosure strategies. This study may be of interest to regulators as material for consideration in making investment policies, especially foreign investment regulations.

Keywords ownership structure; social and environmental disclosure

INTRODUCTION

Social and environmental disclosure has increased and developed globally both in size and complexity in terms of practice and scope (Baba & Baba 2021). This practice, although required in several developed countries such as the US, UK, Denmark, France and China, is still voluntary for most countries in the world, including in Indonesia. The Indonesian government has issued PP No.47/2012 to regulate social responsibility in Limited Liability Companies, which states that every company has a social responsibility to the community and the surrounding environment. These regulations require companies to carry out corporate social responsibility in achieving long-term sustainability. This is in accordance with the concept of the Triple Bottom Line (People, Planet and Profit), social responsibility is expected to provide added value to society and also the environment around the company (Milne & Gray 2013). The synergy of the three elements (triple bottom line) which is manifested in the form of corporate social responsibility is the key to the concept of sustainable development (Schaltegger et al. 2019). This concept is considered important to achieve long-term sustainability (Fauzi et al. 2010).

Corporate social responsibility can be interpreted as corporate responsibility to society and the environment, a concept that integrates social and environmental issues in the company's business operations and interacts with stakeholders voluntarily (Platonova et al. 2018). Corporate social responsibility encourages the achievement of sustainable development goals. Companies can manage social and environmental risks, improve reputation and long-term financial performance (Fusco & Ricci 2019). Realizing this, social and environmental disclosure is a tool to build a positive image which will ultimately increase company profits. This will have an impact on

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improving governance, driving value and increasing the company's competitive advantage by managing operational costs more effectively and efficiently (Baba & Baba 2021).

Social and environmental reporting is used as a strategic lens to view business (Giuliani 2016). The company carries out social and environmental disclosures to create business value, strengthen competitiveness and increase employee morale. This gains positive consumer perceptions thereby strengthening competitiveness and increasing profitability (White et al. 2019), and is recognized as a concept that has the potential to provide benefits to business, society and the environment (Camilleri 2017). Studies on social and environmental disclosure are mostly carried out in developed countries, but are still limited to developing countries (Baba & Baba 2021), therefore this research fills in the gaps in the existing literature in the midst of great demands for companies to be responsibly social.

Social and environmental disclosure is the process of measuring, disclosing and being accountable to internal and external stakeholders regarding organizational performance from a social and environmental perspective (Baba & Baba 2021). Such disclosure is based on ethical values, compliance with legal requirements, and respect for the environment, people and communities. Social and environmental disclosure is explicitly made to meet the needs of various stakeholders including investors, creditors, suppliers, government, activist groups and the general public. In order for companies to act responsibly to stakeholders, social and environmental disclosure policies must be integrated into the governance structure. The structure focuses on ethical practices in business as well as the responsiveness of the company to its stakeholders, as well as the environment in which the company operates. An effective corporate governance structure is expected to ensure that the interests of stakeholders are considered and their responsibilities are carried out effectively.

This study uses a stakeholder theory lens to explain the relationship between ownership structure and social and environmental disclosure. Issues related to social and environmental practices, including climate change information, business continuity issues, resource use, employment, community relations and many more. This information can be used as a decision-making consideration for interested parties including investors, creditors, shareholders, customers, suppliers and the public. Business success depends on the company's ability to maintain good relations with its stakeholders (Rashid 2015), so social and environmental disclosure policies must be integrated into the governance structure.

Governance elements It is a company centered on both internal and external mechanisms. Ownership structure is one of the core internal governance mechanisms that determine managers' incentives and the economic efficiency of firms (Jensen & Meckling 1976). Internal governance mechanisms are based on specific actions taken by companies to enforce control and accountability (Altuner et al. 2015). Ownership structure is seen as one of the main dimensions of the company's internal governance. The ownership structure plays an important role in the process of corporate governance, because it influences the incentives of managers, determines the level of monitoring and the level of corporate disclosure. These assumptions provide confidence that the ownership structure has an influence on social and environmental disclosure. It is believed that the ownership structure can affect the course of the company's operational activities, which in turn affects the social responsibility program in order to achieve the company's goal of maximizing value (Fama & Jensen 1983).

This assumption is supported by several studies on the effect of ownership structure on social and environmental disclosure that has been conducted by (Li & Chan 2016; Lu, Abeysekera, & Cortese 2015; Rashid 2015; Nurhayati et al. 2016; Lamb & Butler 2018; Hu et al. 2018; Baba and Baba 2021). The study shows that ownership structure can be considered in social and environmental disclosure in order to improve the company's reputation and legitimacy in society. However, the results of this study were not convincing enough because of the differences in positive and negative results. The inconsistency of the results of previous research shows that there are no contextual variables that can play an important role in expanding knowledge and understanding of the effect of ownership structure on social and environmental disclosure.

Given the importance of continuous innovation in corporate governance practices, as well as improving company ownership structure practices in each country that has different social and environmental characteristics, it is necessary to conduct further studies to find out how the influence of ownership structure on ownership structure in companies that are in the environment developed and developing countries with different characteristics of information needs for investors in capital markets, especially in Indonesia. This study refers to the research of Baba & Baba (2021), the dimensions of ownership structure related to social and environmental disclosure are management ownership, foreign ownership, dispersed ownership and block ownership. So this study aims to conduct a re-examination and contribute to finding empirical evidence in order to find important contextual variables that can affect social and environmental disclosure.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The effect of management ownership on social and environmental disclosure

Management ownership is considered as a mechanism to align the interests of directors and shareholders, it is a mechanism to minimize agency conflicts between managers and shareholders (Paek et al. 2013). Therefore, companies with a higher percentage of management ownership are likely to be evaluated objectively (Patton and Baker, 1987). Several previous studies that tested the effect of management ownership on social and environmental disclosure found unclear and inconsistent results. Research by Jia and Zang (2012), Khan et al. (2013), Iatridis (2013), Rashid (2015), Adel et al. (2019) found a positive effect of management ownership on social and environmental disclosure, while research by Oh et al. (2011), Paek et al. (2013), Adelopo (2011), Khlif and Ahmed (2016), Majumder et al. (2017) found a negative effect of management ownership on social and environmental disclosure and research by Mgbame and Onoyase (2015), Lu et al. (2015), Salehi et al. (2017) shows that there is no influence between management ownership and social and environmental disclosure.

According to the lens of stakeholder theory, companies must be able to satisfy the interests of all stakeholders, not just shareholders. Therefore, management ownership tends to support social and environmental disclosure with the aim of aligning company interests with stakeholder interests so as to strengthen the company's legitimacy and reputation (Jia and Zang, 2012). Thus, management ownership tends to encourage company managers to act consistently with the interests of shareholders and all other stakeholders (Lu et al. 2015) which is carried out through social and environmental disclosure activities. Based on the explanation above, the first hypothesis is proposed as follows:

H1: Management ownership has a positive and significant influence on social and environmental disclosure

The influence of foreign ownership on social and environmental disclosure

Foreign ownership is an ownership structure that plays an important role in monitoring the company's operational activities. Foreign ownership is the main determinant of corporate social disclosure (Barako et al. 2006). Foreign shareholders demand higher disclosure practices due to differences in geographical area with company management in foreign capital markets (Haniffa & Cooke 2005), they tend to demand broader disclosure as a measure to monitor company actions, management, and to reduce information gaps. Therefore, companies with a higher share of foreign ownership are expected to disclose more company information, including social and environmental information, to meet foreign reporting requirements (Hannifa and Cooke, 2002; Barako, 2007).

Several previous studies that tested the effect of foreign ownership on social and environmental disclosure found results that were unclear and inconsistent. Research by Bowrin (2013), Li and Chan (2015), Muttakin and Subramaniam (2015), Ezhilarasi and Kabra (2017), Ganapathy and Kabra (2017), Masud et al. (2018) found a positive effect of foreign ownership on social and environmental disclosure, while research by Bokpin et al. (2015), Esa and Zahari (2016) found a negative effect of foreign ownership on social and environmental disclosure and research by Monteiro and Guzman (2010), Amran and Haniffa (2011), Chakroun et al. (2017), Ismail et al. (2018) shows that there is no influence between foreign ownership and social and environmental disclosure.

From the point of view of stakeholder theory, foreign shareholders tend to require reporting of broader social and environmental information from companies (Chakroun et al. 2017). Based on the explanation above, the third hypothesis is proposed as follows:

H2: Foreign ownership has a positive and significant influence on social and environmental disclosure.

The relationship between customer concern and beliefs and green brand knowledge

Dispersed ownership is also known as widely held ownership referring to the category of shareholders with various shareholding bases (Jalila and Devi, 2012). Dispersed ownership can increase agency costs and affect the level of information asymmetry between principals and agents (Jalila and Devi, 2012). Therefore companies with dispersed ownership tend to be more prone to conflict. For this reason, companies tend to be expected to disclose comprehensive information in order to reduce information asymmetry. Several previous studies that tested the effect of dispersed ownership on social and environmental disclosure found similar results unclear and inconsistent. Research by Berthelot and Robert (2011), Dominguez (2012), Ben Lahouel et al. (2014), Kilic et al. (2015) and Scaltrito (2016) found that there is a positive effect of dispersed ownership on social and environmental disclosure, while research (Lorenzo et al., 2009; Iturriaga and Foronda, 2011; Obembe & Soetan 2015; Sellami et al. 2019) found a negative effect dispersed ownership of social and environmental disclosure while the research by Otchere et al. (2013) and Nurhayati et al. (2016) shows that there is no influence between dispersed ownership and social and environmental disclosure.

Based on the stakeholder theory approach which states that companies with wider dispersed ownership tend to carry out higher social and environmental disclosures with the aim of balancing the interests of various stakeholders. Based on the explanation above, the third hypothesis is proposed as follows:

H3: Dispersed ownership has a positive and significant influence on social and environmental disclosure

Effect of block ownership on social and environmental disclosure

A Block ownership refers to the proportion of shares owned by the company's major shareholders (Huafang & Jianguo 2007). Block shareholders are considered as the ultimate key holders of the organization (Peng & Jiang 2010). They are considered as controlling shareholders who can direct relevant organizational activities, thus substantially block ownership will affect organizational activities (Hsieh et al. 2020). Block ownership has enormous power and tends to put pressure on the company, its influence can be aggressive in making decisions and actions that have a major impact on the company, such as decisions to replace and elect board members, replace the CEO or management that is deemed ineffective. Several previous studies that examined the effect of block ownership on social and environmental disclosure found unclear and inconsistent results. Research (Sufian & Zahan 2013; Diez et al. 2014; Crisostomo & Freire 2015) found a positive effect of block ownership on social and environmental disclosure, while research by Reverte (2009) and Dam & Scholtens (2013) found a negative effect of block ownership on social and environmental disclosure and research by Otchere et al. (2013) and Nurhayati et al. (2016) shows that there is no influence between block ownership and social and environmental disclosure.

From the point of view of stakeholder theory, block ownership tends to have an effect on putting more pressure on the company, for that management is required to disclose more information including social and environmental disclosure. Based on the explanation above, the second hypothesis is proposed as follows:

Table 1.
Descriptive statistics

Variable	Maximum	Minimum	Mean	Median	Std. Dev
SED	0.58	0.01	0.14	0.12	0.11
MOWN	73.20	0.00	6.26	0.06	0.49
FOWN	97.59	0.00	24.62	9.90	31.38
LEV	5.44	0.06	0.89	0.60	0.81
SIZE	34.31	25.32	28.78	28.59	1.65
LIQ	9621.45	0.01	42.29	2.00	617.05
FPM	0.53	0.00	0.07	0.05	0.07
N	243				

Notes: SED= *social and environmental disclosure*, MOWN= *management ownership*, FOWN= *foreign ownership*, LEV=*leverage*, SIZE=*firm size*, LIQ=*liquidity*, FPM=*firm performance*
Source: Authors own processed

H4: Block ownership has a positive and significant influence on social and environmental disclosure

METHODS

This research is a causality study with a quantitative approach and uses secondary data. The population of this study uses manufacturing companies that are listed on the Indonesia Stock Exchange from 2018 to 2020. Manufacturing companies were chosen with the consideration that this sector is most sensitive to social and environmental issues, and has an obligation to report financially to parties outside the company. Data on the financial statements of companies going public are more reliable because they have been audited by a public accounting firm. The design sample used a judgment sampling technique, then the sample was selected based on several criteria for manufacturing companies that are listed on the IDX, have submitted annual reports, disclosed social and environmental responsibility information, had positive equity values during the year of observation, and had all the information needed in research. This. Based on these criteria, 243 companies' annual reports were selected that met the criteria as a sample.

The dependent variable in this study is social and environmental disclosure. The measurement of social and environmental disclosure refers to the GRI G4 index. This study uses the method of disclosure scoring or disclosure index. If the company discloses information as stated in the GRI index items, it will be given a value of 1 and 0 if it does not disclose. The maximum value of this GRI index is 100%, if the company discloses all the information contained in the GRI items. This research refers to the research of Baba & Baba (2021) and Dias et al. (2017).

The independent variables in this study use ownership structure with sub-variables management ownership, foreign ownership, dispersed ownership and block ownership. Management ownership refers to Baba & Baba (2021) and Ghazali & Weetman (2006) which is measured as the proportion of ordinary shares owned by management to the total number of shares issued by the company. Whereas foreign ownership is measured as the proportion of shares owned by foreign owners to the number of shares issued by a company, this measurement refers to (Baba & Baba 2021; Barako et al. 2006; Haniffa & Cooke 2005). Dispersed ownership refers to the Baba & Baba (2021) approach which is the percentage of common shares owned by individual investors, measured using the 20% cutoff point, which means that companies that have dispersed ownership of more than 20% of the number of outstanding shares are coded " 1”. Meanwhile, companies that have a dispersed ownership structure of less than 20% are coded “0”. Block ownership measurement refers to the approach of La Porta et al. (1999) and Baba & Baba (2021) which are operationalized based on 4 categories of groups coded “0” for companies with block ownership of less than 5%, code “1” for companies with block ownership of 5% - 19.99%, code “2” for companies with block ownership between 20% - 49.99%, and code “3” for companies with more than 50% block ownership.

This study also uses a leverage control variable as a proxy for the debt to equity ratio according to research (Barako et al. 2006; Huafang & Jianguo 2007; Cormier et al. 2011; Baba & Baba 2021) is measured using

Table 3.
Correlations

Variables	SRD	MOWN	FOWN	DOWN	BOWN	LEV	SIZE	LIQ	FPM
SRD	1								
MOWN	-0.14	1							
FOWN	0.14	-0.10	1						
DOWN	-0.03	-0.04	0.03	1					
BOWN	0.12	0.013	0.09	0.01	1				
LEV	-0.02	-0.01	-0.02	-0.04	-0.15	1			
SIZE	0.22	-0.27	0.04	0.15	0.15	0.02	1		
LIQ	-0.01	-0.02	-0.00	0.07	0.02	-0.06	-0.09	1	
FPM	0.16	-0.08	0.12	-0.12	0.17	-0.10	0.19	-0.04	1

Notes: Notes**.** SED= *social and environmental disclosure*, MOWN= *management ownership*, FOWN= *foreign ownership*, LEV=*leverage*, SIZE=*firm size*, LIQ=*liquidity*, FPM=*firm performance*
Source: Authors own processed

the ratio of total debt to total assets. Size is measured by log total assets which refer to research (Brammer & Pavelin 2006; Haniffa & Cooke 2005; Huafang & Jianguo 2007; Baba & Baba 2021). Liquidity is proxied by the current ratio, which is measured by dividing current assets by current liabilities according to the research by Barako et al. (2006) and Baba & Baba (2021). Meanwhile, profitability is proxied using return on assets which refers to research by Ling & Sultana (2015) and Stuebs & Sun (2015), measured by profit after tax divided by the company's total assets.

This study uses the following equation to test the ownership structure of social and environmental disclosure, as follow:

$$SED = \alpha + \beta 1MOWN + \beta 2\ FOWN + \beta 3DOWN + \beta 4BOWN + \beta 5LEV + \beta 6SIZE + \beta 7LIQ + \beta 8FPM + \varepsilon$$

SED = Social and Environmental Disclosure
MOWN = Management Ownership
FOWN = Foreign Ownership
DOWN = Dispersed Ownership
BOWN = Block Ownership
LEV = Leverage
SIZE = Firm Size
LIQ = Liquidity
FPM = Firm Performance
β = Intercept
ε = Error Term

RESULTS AND DISCUSSION

The results of descriptive statistics in this study are presented in table 1. Table 1 shows that the average value of social and environmental disclosure variables is 14.85% while the median value is 12.09%. These results indicate that social and environmental disclosure in manufacturing companies in Indonesia is still low, ranging from 10.99% to 58.24%. The average value for management ownership is 6.26% which means that the percentage of share ownership held by executive directors in manufacturing companies in Indonesia is low. The average foreign ownership value of 24.63% ranges from a minimum value of 19.90% to a maximum of 97.59%. This shows that foreign shareholders own a significant percentage of manufacturing companies in Indonesia. While the average value for the leverage control variable is 0.89%, size is 28.78%, liquidity is 42.29% and financial performance has an average value of 0.08%.

Table 2 shows the frequency and percentage for the categorized independent variables. Dispersed ownership is categorized into two, ownership of less than 20% is represented by the number "0" and ownership of more than 20% is represented by the number "1". The results of data processing in table 2 show that 140 companies have dispersed ownership of less than 20% or 57.61%, and 103 companies have dispersed ownership of more than 20% or 42.39%. Meanwhile, block ownership variables are separated into four groups (0 -3) ranging from 5% to more than 50%. The results in table 2 show that 6 or 2.47% of companies have block ownership of less than 5%, 11 or 4.53% of companies have block ownership of 5% - 19.99%, block ownership between 20% - 49.99% owned by 35 or 14.40% of the companies and as many as 191 or 78.60% of the companies have

Table 2.
Descriptive statistics

Variable	Frequency	(%)	Cum (%)
DOWN			
Less than 20%	140	57,61	57,61
More than 20%	103	42,39	100,00
Number of Observation	243	100,00	
BOWN			
Less than 5%	6	2,47	2,47
Between 5% - 19,99%	11	4,53	7,00
Between 20% - 49,99%	35	14,40	21,40
More than 50%	191	78,60	100,00
Number of Observation 50%	243	100,00	

Notes: DOWN= *dispersed ownership*, BOWN= *block ownership*
Source: Authors own processed

block ownership of more than 50% of the total sample.

The results of pairwise correlation analysis for social and environmental disclosure and variables can be seen in table 3. The results of the analysis show the highest correlation coefficient value of 27.76% between SIZE and MOWN variables. The independent and control variables have a low correlation below 70%, so it can be said that the data is free from multicollinearity problems.

The results of hypothesis testing in table 4 panel B show that management ownership has a significant negative effect on social and environmental disclosure, which means that the larger the share ownership held by management, the lower the number of social and environmental disclosure items. These results are in line with the research of Paek et al. (2013) and Majumder et al. (2017) which confirms that there is a negative effect of management ownership on social and environmental disclosure. However, this does not match the results of research (Khan & Muttakin 2012; Rashid 2015; Lone et al. 2016; Adel et al. 2019) found a positive effect of management ownership on social and environmental disclosure and research (Lu et al. 2015; Saheli et al. 2017; Baba and Baba 2021) shows that there is no influence between management ownership and social and environmental disclosure. While the results in panel B show that management ownership becomes insignificant when the control variable is included in the research model.

Foreign ownership in the results of panel A analysis shows a significant positive effect on social and environmental disclosure. These results confirm research (Li & Chan 2016; Muttakin & Subramaniam 2015; Ezhilarasi & Kabra 2017; Masud et al. 2018; Baba & Baba 2021) which found a positive effect of foreign ownership on social and environmental reporting, while research by Bokpin et al. (2014) and Esa & Zahari (2016) found a negative effect of foreign ownership on social and environmental disclosure and research by Chakroun et al. (2017) and Ismail et al. (2018) shows that there is no influence between foreign ownership and social and environmental disclosure. The results of this study remain consistent with the research model that includes control variables, as shown in the results of panel B. Foreign ownership has a significant positive effect on social and environmental disclosure. This shows that foreign shareholders tend to require broader social and environmental disclosures from companies (Chakroun et al 2017). Foreign shareholders demand higher disclosure practices due to differences in geographical area with company management in foreign capital markets (Haniffa & Cooke 2005), they tend to demand broader disclosure as a measure to monitor company actions, management, and to reduce information gaps. This study shows that foreign investors dominate the company's shareholding structure. This can be seen from the 243 observation samples, as many as 191 of the frequency of company ownership is greater than 50%, so by looking

Table 3.
Correlations

Variables	SRD	MOWN	FOWN	DOWN	BOWN	LEV	SIZE	LIQ	FPM
SRD	1								
MOWN	-0.14	1							
FOWN	0.14	-0.10	1						
DOWN	-0.03	-0.04	0.03	1					
BOWN	0.12	0.013	0.09	0.01	1				
LEV	-0.02	-0.01	-0.02	-0.04	-0.15	1			
SIZE	0.22	-0.27	0.04	0.15	0.15	0.02	1		
LIQ	-0.01	-0.02	-0.00	0.07	0.02	-0.06	-0.09	1	
FPM	0.16	-0.08	0.12	-0.12	0.17	-0.10	0.19	-0.04	1

Notes: Notes**.** SED= *social and environmental disclosure*, MOWN= *management ownership*, FOWN= *foreign ownership*, LEV=*leverage*, SIZE=*firm size*, LIQ=*liquidity*, FPM=*firm performance*
Source: Authors own processed

Table 4.
Hypotheses testing results

	Panel A		Panel B	
Variable	Coefficient	Prob.	Coefficient	Prob.
C	0.09	0.00	-0.22	0.08
MOWN	-0.00	0.02**	-0.00	0.19
FOWN	0.00	0.06*	0.00	0.08*
DOWN	-0.01	0.49	-0.01	0.38
BOWN	0.01	0.05*	0.01	0.23
LEV			-0.00	0.91
SIZE			0.01	0.01**
LIQ			5.28	0.96
FPM			0.12	0.08*
Adjusted R-squared	0.03		0.06	
F-statistic	3.40		2.96	
Prob(F-statistic)	0.01		0.00	
N	243		243	

Notes. **showed the significancy at level 5%, *10% SED= *social and environmental disclosure*, MOWN= *management ownership*, FOWN= *foreign ownership*, LEV=*leverage*, SIZE=*firm size*, LIQ=*liquidity*, FPM=*firm performance*
Source: Authors own processed

at the maximum value of foreign ownership of 97.59%, it means that the share ownership above 50% is mostly acquired by foreign investors.

Furthermore, the results of data analysis in panel A and panel B for the dispersed ownership variable show the same results. Dispersed ownership is not significant to social and environmental disclosure. The results of this study confirm and are in accordance with research (Otchere et al. 2013) and (Nurhayati et al. 2016) which show that there is no effect between dispersed ownership and social and environmental disclosure, but this is not in accordance with the panel studies (Kuzey, et al. 2015; Scaltrito 2016; Baba & Baba 2021) found a positive effect of dispersed ownership on social and environmental disclosure, while research (Obembe & Soetan 2015; Sellami et al. 2019) found a negative effect of dispersed ownership on social and environmental disclosure.

Table 4 for panel A shows that block ownership has a significant positive effect on social and environmental disclosure. The results of this study confirm and are in accordance with research (Sufian & Zahan, 2013; Diez et al. 2014; Crisostomo & Freire 2015; Baba & Baba, 2021) which found a positive effect of block ownership on social and environmental disclosure, but not in accordance with Dam's research. & Scholtens (2013) found a negative effect and research by Nurhayati et al. (2016) which shows that block ownership has no effect on social and environmental disclosure. However, when the control variable is included in the model, the results in panel B show that block ownership is not significant to social and environmental disclosure. In view of stakeholder theory, block ownership tends to put greater pressure on companies, for this reason management is required to disclose more information, including social and environmental disclosure. Block shareholders are considered as the main key holders of the organization, they are considered as controlling shareholders who can direct the relevant organizational activities, thus substantially block ownership will influence the activities of or organization (Hsieh et al. 2020).

The test results for the control variable in panel B show that the leverage proxied by the debt to equity ratio is not significant for social and environmental disclosure. disclosure. These results confirm that variations in changes in the level of leverage do not result in variations in the level of social and environmental disclosure. Furthermore, the control variable size proxied by ln total assets has a significant positive effect on social and environmental disclosure. This confirms that the larger the size of the company, the more likely the company is to be actively involved in activities and social and environmental disclosures. Conversely, liquidity proxied by the current ratio shows insignificant results on social and environmental disclosure. Meanwhile, the company's financial performance proxied by return on assets shows a positive and significant impact on social and environmental disclosure. This indicates that when companies have increased financial performance, they have a tendency to report higher information about social and environmental disclosure.

CONCLUSION

This research examines the effect of ownership structure as a proxy for management ownership, foreign ownership, dispersed ownership and block ownership on social and environmental disclosure in manufacturing companies listed on the Indonesia Stock Exchange (IDX). This study also incorporates control variables in the form of company financial ratios into the research model. The results of this study confirm that there is a significant influence of management ownership, foreign ownership, and block ownership on social and environmental disclosure, but dispersed ownership is not significant. On the other hand, the effects of management ownership, dispersed ownership and block ownership in research models using control variables show insignificant results, but for foreign ownership, consistent results show a positive and significant impact on social and environmental disclosure. This means that foreign ownership has a tendency to have a fairly strong influence on social and environmental disclosure, so it can be said that foreign shareholders will demand higher disclosure practices due to differences in geographical areas. They tend to demand a higher level of social and environmental disclosure, as an effort to monitor the actions and policies carried out by company management. This is also done to reduce the information gap.

The empirical findings in this study provide meaningful insight into the effect of ownership structure on social and environmental disclosure within the scope of stakeholders from the viewpoint of the company's shareholders. The results of this study may be of interest to regulators as material for consideration in making investment policies, especially for foreign investment, because the results of this study indicate that foreign ownership dominates the ownership structure of manufacturing companies in Indonesia. This can be seen from the 243 observational samples, as many as 191 of the frequency of shared ownership of companies is greater than 50%, so by looking at the maximum value of foreign ownership of 97.59%, it means that share ownership above 50% is mostly owned by foreign investors. This study also has implications for managerial parties to determine company policies and strategies by identifying stakeholders who have a tendency to have sufficient influence over the company, so that they can allocate the company's resources effectively and efficiently.

This study uses only the disclosure scoring method or unweighted disclosure index to measure social and environmental disclosure, for further research it can be developed using a weighted index or content analysis method. Proxy variable ownership structure can also be developed by adding family ownership and institutional ownership, because many go public companies in Indonesia are also dominated by these two types of ownership.

Only For research limitations in this study is the research sample used limited to manufacturing companies listed on the Indonesia Stock Exchange (IDX), using data for 2018-2020 so that the information generated cannot be used consideration for registered non-manufacturing companies on the Indonesian Stock Exchange or current manufacturing companies.

It is suggested for further research using a research sample that more broadly in order to contribute to research the better, added the research period newer so you can describe the current state,as well as other variables from the Good component Corporate Governance which affect.In addition, variables can also be added another as the control variable of value company.

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