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OWNERSHIP STRUCTURE AND COMPANY VALUE'S IMPACT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Abstract

The study's key objective is to explore how ownership structure and company values impact CSR implementation in listed Indonesian non-financial enterprises from 2019 to 2022. Research data was obtained from secondary data such as Bloomberg and company annual reports, then studied using the multiple linear regression method using SPSS software. The ownership structures studied include managerial, institutional, and foreign ownership. Meanwhile, company values are proxied by Tobin's Q. Meanwhile, Corporate Social Responsibility (CSR) is measured through ESG scores from Bloomberg. The findings show that management and institutional ownership negatively influence CSR, but the company's value has a considerable beneficial impact. However, foreign ownership does not have an impact on CSR. These findings indicate that CSR practices in Indonesian companies tend to be influenced by ownership structure and company values. These findings have practical consequences for regulators and business executives interested in increasing CSR operations.

Keywords: CSR, Foreign Ownership, Institutional Ownership, Managerial Ownership, The Company Values

INTRODUCTION

Corporate Social Responsibility, commonly abbreviated as CSR, is an obligation for companies to positively impact society, the environment, and other interested parties. Besides that, CSR activities can also provide benefits for the company itself. Various studies on CSR have been carried out. They generally measured CSR using the GRI Index with a content analysis method for the companies studied. However, this measurement method is considered biased because there may be differences in CSR measurement results from one researcher to another. So, the research results of one researcher and another using this method cannot be compared. Therefore, this study uses ESG scores sourced from Bloomberg as CSR data. The ESG value calculated by Bloomberg is considered more standardized and avoids bias that might occur when CSR data is calculated using the content analysis method with the GRI Index.

Ullah et al. (2019) showed experimentally that published corporate governance is strongly associated with the degree of CSR disclosure in Bangladesh. This evidence suggests that corporate governance influences companies in maintaining good relations with the company's environment and the company's image in its environment. Corporate governance is a set of mechanisms, processes, and relationships in a company that control and operate the company itself (Ghozali, 2020: 94). This corporate governance is needed because of the possibility of conflicts of interest arising between stakeholders, especially between shareholders and company management. Therefore, corporate governance significantly impacts the sustainability of CSR activities. Where shareholders play a big role in the company's CSR initiatives, there are various types of shareholders in corporations, including management ownership, institutional ownership, foreign ownership, and others.

Managerial ownership (MGR) represents a company's ownership structure, which describes the proportion of share ownership by top managers compared to all outstanding shares. The proportion of shares owned by institutions to total outstanding shares is known as institutional ownership (INST). Foreign ownership (FOWN) is the percentage of shares foreign investors own compared to all shares in circulation. Apart from these three ownership structures, Bashatweh, et al. (2023) prove in their research that company value impacts CSR. The company value represented by Tobin's Q can also be called market value, which is related to the company's share price (Purba and Africa, 2019). This gives investors an idea of the risks that will be borne and opportunities for the company in the future. Research on the influence of MGR, INST, FOWN, and TOBINQ on corporate CSR is vital in providing more profound knowledge about the role of ownership structure and company values on CSR practices. This study can benefit various interested parties, including investors, companies, and regulators, in making decisions based on accurate information regarding the company's CSR implementation.

Previous research findings regarding the influence of MGR, INST, FOWN, and TOBINQ on firm CSR disagree. In Garas and ElMassah's (2018) research, MGR has been proven to have a significant positive effect on CSR, while Dakhli (2021), Diantimala and Emril (2018), and Nurleni, et al. (2018) prove that MGR has a significant negative effect on CSR. Research by Dakhli (2021) proves that INST has a significant influence on CSR. Elgergeni, et al. (2018) and Nurleni, et al. (2018) also obtained the same results in their research. This is different from the findings from research by Qa'dan and Suwaidan in 2019 and Diantimala and Amril in 2018, which explained that the influence of INST on CSR was significantly negative. Alshbili, et al. (2020) and Fahad and Nidheesh (2021) stated that FOWN significantly impacts CSR. However, Garanina and Aray (2021) discovered in their research that FOWN had a considerable negative impact on CSR. Bashatweh et al. (2023) and Wu, et al. (2022) have studied that TOBINQ significantly impacts CSR. Meanwhile, Govindan, et al (2021) stated that TOBINQ significantly negatively impacts CSR. According to various past research findings, there are contradictions in previous study findings about the influence of ownership structure components and company value on CSR.

The main focus of this research is to examine the impact of managerial ownership (MGR), institutional ownership (INST), foreign ownership (FOWN), and firm value (TOBINQ) on CSR implementation in non-financial companies listed on the Indonesia Stock Exchange (IDX) during for the period 2019 to 2022. This research also has specific objectives, including identifying the correlation between MGR, INST, FOWN, and TOBINQ, which significantly impact CSR in these non-financial companies. It is intended that by examining this relationship, this research would provide significant insights to aid in the company's decision-making process and favorably contribute to future research.

REVIEW OF LITERATURE

Agency Theory

From a theoretical point of view, Jensen and Meckling (1976) (in Zaid et al., 2020) stated that agency theory has been described as "the theory of company ownership structure". The agency theory framework outlines the contractual connection between two or more parties, where one of them is referred to as the agent (usually a manager or management) and the other party is referred to as the principal (usually a shareholder or owner). This theory implies that the principal gives some of his responsibility as a decision-maker to the agent, which means that the shareholder or company owner transfers his responsibility to a manager to carry out specific tasks by the agreed work contract (Tandiontong, 2015: 4). However, in practice, agency problems occur between shareholders and agents. Withisuphakorn and Jiraporn (2019) state that agency problems will arise when there is a separation between ownership owned by shareholders and control given to managers.

Legitimacy Theory

Legitimacy theory is a theory that was first put forward by Dowling and Pfeffer in 1975. Legitimacy theory explains that organizations will always strive to ensure that the operational activities remain within the limits and norms that apply in the surrounding community so that outside parties consider the company's activities 'legitimate'. These boundaries and norms are dynamic, which means they will change over time. As a result, businesses must be sensitive to the environment in which they operate (Ghozali, 2020, p. 141). Companies can respond to changes in applicable boundaries and norms by carrying out CSR activities required by the company's environment, which are then documented and published through company sustainability reports that stakeholders can access.

Managerial Ownership

Diantimala and Amril (2018) explain that managerial ownership motivates company managers to improve company performance and manage debt efficiently, which in turn can reduce conflicts of interest and positively impact overall shareholder profits. With this ownership, managers will try to be careful in carrying out their duties because having shares in the company means they will also bear losses if their actions are detrimental to the company. The impact of the manager's performance will be more optimal.

On the other hand, a high level of management ownership encourages managers to withhold information since they may depend on internal data sources to get the knowledge they require and take personal benefit (Diantimala and Amril, 2018). Dakhli (2021) also explains that managerial ownership is related to CSR disclosure. In this case, Withisuphakorn and Jiraporn (2019) found that a more significant percentage of managerial ownership can significantly reduce CSR involvement. Managers bear more CSR expenses since they have a larger part of ownership. Hence, managers prefer to make choices that lead to less involvement in CSR activities. As a result, the bigger the degree of managerial ownership in a firm, the lower the company's participation in CSR. Apart from that, managerial ownership has been proven to harm CSR disclosure (Dakhli, 2021; Ullah et al., 2019; Nurleni et al., 2018; Diantimala and Amril, 2018).

Institutional Ownership

Diantimala and Amril (2018) stated that there is an opinion that institutional investors' voting rights are more substantial and tend to face potential imbalances in information acquisition among institutional investors compared to other shareholders. Aside from that, they are more likely than other shareholders to actively contribute to the company's environmental management initiatives. Research findings from Nurleni, et al. (2018) prove that institutional ownership impacts CSR disclosure. The reason is that companies with a more significant percentage of institutional ownership must provide more information about their activities, including CSR activities. Also, companies have a solid incentive to communicate with institutional investors regarding CSR achievements, which helps reduce misunderstandings about institutional ownership to strengthen institutional investors' trust in the company for the funds that have been invested (Diantimala and Amril, 2018).

Research by Nurleni, et al. (2018) states a positive relationship between institutional ownership and CSR. So, they conclude that institutional owners favorably view companies with an active role in CSR activities. Institutional investors want to invest in stocks of firms with solid social performance. Findings by Dakhli (2021) have proven that institutional ownership positively impacts CSR. Their findings are congruent with those of Elgergeni et al. (2018), who found that enterprises with a large share of institutional investor ownership seek to boost CSR-related activities because CSR compliance can be a good risk management technique (Nurleni et al., 2018).

Foreign Ownership

Foreign ownership (FOWN) is the quantity of shares foreign investors own about all claims in circulation (Garanina and Aray, 2021). The presence of foreign investors in a company's ownership structure can provide a diversity of insight and experience thanks to their participation in international markets. Companies with foreign owners are thus required to report more social and environmental information (Zaid et al., 2020). Because they have vast experience optimizing their assets, foreign investors will pay greater attention to improving the quality of financial reporting, including CSR disclosures. The efforts of foreign investors are in line with legitimacy theory, which is to reduce uncertainty in investing in companies in foreign countries, especially developing ones where the risks are pretty significant. Foreign investors will invest in companies that want to maintain credibility and legitimacy as social actors who are always responsible for the environment, especially the corporate environment (Garanina and Aray, 2021).

Findings in Fahad and Nidheesh's (2021) research have empirically proven that foreign investors' ownership positively impacts CSR activities. This aligns with the research findings of Guo and Zheng (2021) and Al Amosh and Khatib (2022), who found that if foreign ownership increases, the company's CSR activities will also increase.

The Company's Value

The company's value represented by Tobin's Q can also be called market value, which is related to the company's share price (Purba and Africa, 2019), which gives investors an idea of the risks that will be borne and opportunities for the company in the future. This company value produces optimal profits for investors when the company's share price rises so that investor profits increase along with the company's opportunities in the future, as well as a reflection of the assets owned by the company. A considerable company value indicates that the company has invested a significant amount in CSR practices, so the company's responsibility is more significant for the funds that have been invested. Therefore, companies are receiving more attention to disclose information on the use of CSR funds to shareholders.

According to the research findings of Bashatweh et al. (2023), firm valuation strongly influences CSR. This is consistent with Cho et al. (2019) and Wu et al. (2022), who show that the higher the company's worth, the bigger the company's CSR efforts.

Corporate Social Responsibility (CSR)

According to Davis (1973) (in Feng et al., 2018), Corporate Social Responsibility (CSR) is a company's consideration and obligation to generate social advantages for the environment in addition to traditional financial benefits, where available information on CSR carried out would contribute to its excellent image. The corporation will also receive economic benefits that will produce revenues. This is in line with Sheldon (1923) (in Feng et al., 2018), who first proposed that CSR is a concept that aims to achieve profits and pays attention to ethical dimensions. Bashatweh, et al (2023) have also proven that companies that implement a CSR approach tend to gain greater profits and achieve a higher level of social welfare than companies that only prioritize profitability alone.

The CSR measurement method commonly used is the content analysis method with dummy variables, namely the CSR measurement method, by calculating each item from the indicators in the GRI Index for each company studied. However, Fahad and Nidheesh (2021) stated that this method needs to be standardized, and there may be differences in analysis results, making it difficult to compare studies that have been conducted previously.

Therefore, Fahad and Nidheesh (2021) use ESG scores, whose data is available on Bloomberg. Bloomberg determines the ESG disclosure score based on the extent of CSR disclosure, which is divided into three categories: environmental score, social score, and governance score, with the ESG score being the sum of these three ratings. Environmental issues (for example, greenhouse gas emissions, energy and water use, climate change, carbon emissions, and so on), social responsibility (for example, human rights, health and safety, gender equality, product safety, fair trade principles, and so on), and corporate governance (for example, board independence, corruption and bribery, reporting and disclosure, shareholder protection, and so on) are all covered under ESG.

Company Size (Firm Size)

Company size, also known as firm size, is a statistic used to calculate the size of a corporation based on the natural log of all assets the entity possesses. The bigger the quantity of assets a firm possesses, the larger its scale, and therefore, the company's expectations for information disclosure become more crucial. The management of large companies knows that the benefits can be obtained from disclosing more information, such as obtaining funds for the company more efficiently and better-selling power. Meanwhile, small companies tend to keep information about their company private because they realize this will not positively impact the company (Singhvi and Desai, 1971 in Fahad and Nidheesh, 2021). Furthermore, giant corporations face more significant societal pressure and scrutiny than small corporations. This compels major corporations to provide more business information, particularly on Corporate Social Responsibility (CSR) (Fahad and Nidheesh, 2021), as CSR gives several advantages to stakeholders, including shareholders.

Leverage

Fahad and Nidheesh (2021) define leverage as the ratio of the total amount of a company's long-term debt used to finance its assets. According to Watson et al. (2002), companies with large amounts of debt have enormous demands from creditors to disclose company information to know how the company is developing (Fahad and Nidheesh, 2021). Especially information related to the company's risks because creditors think that the company is a risk to them.

RESEARCH METHOD

The quantitative research technique used data from sources such as the official Bloomberg website and annual reports of non-financial enterprises listed on the IDX (Indonesian Stock Exchange) from 2019 to 2022. The population investigated consists of Indonesian non-financial companies registered from 2019 to 2022. This research does not include financial companies as subjects because their activities do not directly cause environmental pollution. Meanwhile, the research focus is centered on company activities that have the potential to create environmental impacts. The research sample selection used a purposive sampling method, where the companies selected for the sample met the predetermined criteria, namely registered Indonesian non-financial companies that had complete data throughout the research period. The number of companies in the research sample was 42, producing 168 data for 2019-2022.

The data used in the research was collected from sources such as the official Bloomberg website and each company's annual reports published on their respective websites. The data that is the focus of the research includes several variables such as ESG scores, managerial ownership (MGR), institutional ownership (INST), foreign ownership (FOWN), company value (TOBINQ), company size (FSIZE), and leverage (LEV) as stated in Table 2. The method used to collect research data is document analysis. Multiple linear regression is an analysis strategy used in this study using the SPSS program. This analytical tool is used in this research to assist the analysis process of the regression model that has been prepared so that it can be seen how the influence of the research independent variables on the dependent variable with or without control variables in this research.

Table 1.

Operational Definition, Measurement, and Scale of Research Variables

Variable	Definition	Measurement	Scale
ESG	The ESG score is a value that describes the extent of a company's Environmental, Social, and Governance (ESG)	The score ranges from 0 (for companies that do not disclose data that could form an ESG assessment by Bloomberg) to 100	Intervals

Variable	Definition	Measurement	Scale
	disclosure (Bloomberg).	(for companies that disclose any ESG data that could constitute an ESG assessment by Bloomberg)	
MGR	Managerial ownership (MGR) represents a company's ownership structure, which describes the proportion of share ownership by top managers compared to all outstanding shares (Ullah et al., 2019).	MGR = Shares owned by top managers/ Number of shares outstanding	Ratio
INST	Institutional ownership (INST) is the value of the proportion of shares owned by institutional investors compared to all shares in circulation (Zaid et al., 2020).	INST = Shares owned by institutions/ Number of shares outstanding	Ratio
FOWN	Foreign ownership (FOWN) is the percentage of shares foreign investors own compared to all shares in circulation (Garanina and Aray, 2021).	FOWN = Shares owned by foreign investors/ Total shares outstanding	Ratio
TOBINQ	Tobin's Q (TOBINQ) is a market performance indicator defined as the percentage of a company's market value to total assets	TOBINQ = Market value/ Total assets	Ratio

Variable	Definition	Measurement	Scale
	(Ciftci et al., 2019).		
FSIZE	Firm Size (FSIZE) is a value that represents how big a company is measured by the natural log of assets (Dakhli, 2021).	FSIZE = Ln (Total assets)	Ratio
LEV	Leverage (LEV) is the ratio of the proportion of total debt to total assets (Dakhli, 2021).	LEV = Total debt/ Total assets	Ratio

Source: Related References

RESULTS AND DISCUSSION

Normality Test

Testing was carried out by carrying out One-Sample Kolmogorov-Smirnov on two research models, namely research model I and research model II. The test findings reveal that the data is normally distributed in research models I (no control variables) and II (control variables included), where Asymp. Sig. (2-tailed) is more prominent than 0.05.

Table 2.

Normality Test Results (One-Sample Kolmogorov-Smirnov Test)

One-Sample Kolmogorov-Smirnov Test		
	Unstandardized Residual (Research Model I)	**Unstandardized Residual (Research Model II)**
N	168	168
Asymp. Sig. (2-tailed)	0.824	0.969

Source: Results of data processing with SPSS, 2023

Multicollinearity Test

Table 4 shows the results of the multicollinearity test for research models I and II. Both models were proven not to experience symptoms of multicollinearity. This can be seen from the tolerance value, more significant than 0.10, and the VIF value, smaller than 10.

Table 3.

Multicollinearity Test Results

Variable	Research Model I			Research Model II		
	Tolerance	VIF	Criteria	Tolerance	VIF	Criteria
MGR	0.496	2.017	Multicollinearity does not occur	0.483	2.069	Multicollinearity does not occur
INST	0.477	2.095		0.444	2.254	
FOWN	0.928	1.078		0.878	1.139	
TOBINQ	0.903	1.108		0.887	1.128	
FSIZE	-	-	-	0.844	1.185	
LEV	-	-	-	0.849	1.177	
Dependent Variable: ESG						

Source: Results of data processing with SPSS, 2023

Heteroscedasticity Test

The findings of the park test reveal that study models I and II are devoid of heteroscedasticity symptoms, with the significant value of the park test results exceeding the value of 0.05.

Table 4.

Heteroscedasticity Test Results (Park Test)

Variable	Research Model I		Research Model II	
	Sig.	Criteria	Sig.	Criteria
MGR	0.243	Heteroscedasticity does not occur	0.142	Heteroscedasticity does not occur
INST	0.543		0.418	
FOWN	0.979		0.831	
TOBINQ	0.882		0.313	
FSIZE	-	-	0.807	
LEV	-	-	0.062	
Dependent Variable: Log Natural Residual				

Source: Results of data processing with SPSS, 2023

Autocorrelation Test

The Durbin-Watson value used to detect autocorrelation symptoms shows that research models I and II do not have autocorrelation symptoms, where the DW value (in Table 6) is higher than the dU value and lower than the 4-dU value.

Table 5.
Autocorrelation Test Results

Research Model I				Research Model II			
dU	**d**	**4 – dU**	**Criteria**	**dU**	**d**	**4 – dU**	**Criteria**
1.7966	1.934	2.2034	There is no autocorrelation	1.8221	2.123	2.1779	There is no autocorrelation
Number of Data: 168 Dependent Variable: ESG Independent Variables: MGR, INST, FOWN, TOBINQ				Number of Data: 168 Dependent Variable: ESG Independent Variables: MGR, INST, FOWN, TOBINQ Control Variables: FSIZE, LEV			

Source: Results of data processing with SPSS, 2023

Multiple Linear Regression Analysis

The analytical tool for this research is multiple linear regression analysis, which helps find out the relationship between the independent variables, which consist of MGR, INST, FOWN, and TOBINQ, with the dependent variable (ESG) followed by the control variables (FSIZE and LEV). Two models are analyzed in this research: Research Model I (does not include control variables) and Research Model II (includes control variables).

Table 6.
Multiple Linear Regression Analysis Test Results

Variable	Research Model I			Research Model II		
	β	**t-count**	**Sig.**	**β**	**t-count**	**Sig.**
Constanta	51.806	8.113	0.000	-47.895	-2.132	0.035
MGR	-29.092	-2.921	0.004*	-35.007	-3.671	0.000*
INST	-8.568	-1.208	0.229	-15.254	-2.193	0.030**
FOWN	1.657	0.549	0.584	3.893	1.327	0.186

TOBINQ	0.561	1.269	0.206	0.819	1.940	0.054***
FSIZE	-	-	-	3.486	4.612	0.000*
LEV	-	-	-	-5.644	-1.266	0.207
F-count		3.071			5.849	
R-Square		0.070			0.179	

Note: *1% significance level, **5% significance level, ***10% significance level

Source: Results of data processing with SPSS, 2023

The following is the regression equation from Research Model I and Research Model II, the multiple linear regression analysis results, which are in Table 7.

Research Model I (does not include control variables):

ESG = 51.806 - 29.092*MGR - 8.568*INST + 1.657*FOWN + 0.561*TOBINQ + ε………………………………………………………..…………… ………. (3)

Research Model II (includes control variables):

ESG = - 47.895 - 35.007*MGR - 15.254*INST + 3.893*FOWN + 0.819*TOBINQ + 3.486*FSIZE - 5.644*LEV + ε………………………………………………. (4)

Coefficient of Determination Test

Table 7 displays the results of the coefficient of determination test, where the R-Square value in research model I is 0.070, indicating that all of the independent variables in this model can explain the dependent variable by 7% of 100%, with the remaining 93% being the percentage of factors. -Other external elements not included in study model I. Meanwhile, in research model II, the R-Square value is 0.179, which signifies that all of the independent and control variables in the study may explain the dependent variable by 17.9%; the remaining 82.1% represents the proportion of additional factors outside the study that were not included in research model II.

Partial Significance Test (t-Test)

The results of the t-test in this study are shown in Table 7. There are differences in results between research model I and research model II. In research model I, only MGR significantly influences ESG, namely significantly negative (0.004 < 0.01). The results of the t-test on other variables, namely INST (0.229 > 0.1; -1.208), FOWN (0.584 > 0.1; 0.549), and TOBINQ (0.206 > 0.1; 1.269), show that there is no significant influence on ESG in research model I.

Meanwhile, in research model II, the t-test results show that MGR, INST, TOBINQ, and FSIZE significantly affect ESG. Where MGR (0.000 < 0.01; -3.671) and INST (0.030 < 0.05; -2.193) have a significant negative influence on ESG. Furthermore, TOBINQ (0.054 < 0.1; 1.940) and FSIZE (0.000 < 0.01; 4.612) have a significant positive effect on ESG. However, FOWN (0.186 > 0.1; 1.327) and LEV (0.207 > 0.1; -1.266) do not have a significant effect on ESG in research model II.

Statistical F Test

The results of the statistical F test state that the independent variables in the regression model, formulated simultaneously or simultaneously, significantly impact the research dependent variable. In research model I, the significance value of the statistical F test results shows 0.018 < 0.05 with an F-count of 3.071, which means that the independent variables in this model, namely MGR, INST, FOWN, and TOBINQ, have a significant effect on ESG. Meanwhile, in research model II, the significance value of the statistical F test results shows 0.000 < 0.01 with an F-count of 5.849, which means MGR, INST, FOWN, TOBINQ, FSIZE, and LEV have a significant influence on ESG in research model II. The addition of control variables in Research Model II, namely FSIZE and LEV, has a more significant impact on ESG than in the research model, where there are no additional control variables (in Research Model I).

Table 7.
Statistical F Test Results

Model	F-count	Sig.
I	3.071	0.018**
II	5.849	0.000*

Note: *1% significance level, **5% significance level

Source: Results of data processing with SPSS, 2023

The Influence of Managerial Ownership on CSR

The research findings in Table 7 suggest that management ownership has a considerable negative influence on CSR. This indicates that the higher the management ownership in the structure of non-financial enterprises in Indonesia, the poorer the company's CSR practices. Similarly, the lesser the management ownership of non-financial enterprises in Indonesia, the greater the company's CSR policies. These findings are consistent with prior studies by Dakhli (2021), Diantimala and Emril (2018), and Nurleni et al. (2018).

The Influence of Institutional Ownership on CSR

According to this study, institutional ownership considerably negatively influences CSR. The higher the institutional ownership value of Indonesian non-financial enterprises, the poorer the company's CSR policies. On the other hand, if an Indonesian non-financial company's ownership structure has a low share of institutions as owners, the company's CSR policies will be more robust. These findings are comparable to those of numerous earlier research, including Qa'dan and Suwaidan (2019) and Diantimala and Amril (2018).

The Influence of Foreign Ownership on CSR

According to the findings of this study, foreign ownership has no substantial influence on CSR. Where the size of the percentage of ownership by foreign investors has no considerable impact on the company's implementation of CSR, these findings are consistent with prior studies, especially Qa'dan and Suwaidan in 2019.

The Influence of Company Values on CSR

This research examines how company value has a significant positive impact on CSR. Namely, the greater the value of Indonesian non-financial companies, the greater the company's efforts in CSR practices. This research strengthens previous research, namely Bashatweh, et al. (2023); Wu, et al. (2022); and Cho, et al. (2019).

The Role of Control Variables of Firm Size and Leverage

One of the control variables in this analysis is firm size, which significantly influences CSR as proxied by the ESG Score. Meanwhile, leverage does not significantly impact CSR as a control variable. With the control variables in this research, there are changes in the relationship between managerial ownership, institutional ownership, foreign ownership, and company value and CSR. This is shown in the R-Square values in research models I and II (see Table 7). The R-squared value from the previous one (without control variables) was 0.070 to 0.179. This means that the presence of control variables increases the influence of the research's independent variables on the dependent variable.

CONCLUSION

This research examines the relationship between company ownership structure consisting of managerial ownership, institutional ownership, foreign ownership, and company value and CSR. Registered non-financial companies in Indonesia are the subject of this research for 2019 to 2022. After analysis, it was found that investors have different characteristics regarding their involvement in implementing CSR activities. Managerial ownership has a detrimental impact on CSR initiatives. Managerial parties who are also share owners bear the company's CSR costs, so they tend to reduce the company's involvement in CSR activities because they are more inclined to pursue short-term strategies that can increase company profits and positively influence their compensation—the impact of institutional ownership on CSR activities is similar. Institutional investors in non-financial companies have not reviewed CSR activities as a consideration in investing their funds, so they tend not to pressure companies to carry out CSR activities as measured by ESG scores. Very few companies in Indonesia still reveal their corporate social responsibility through ESG scores. However, foreign ownership of the company does not contribute to CSR activities. Company values have a positive impact on CSR activities. The company's expenses for CSR activities give long-term advantages from increased income since CSR activities develop the company's reputation, which raises the company's worth.

The study's findings have practical consequences for regulators and corporate executives interested in enhancing CSR initiatives. For regulators, the findings suggest limiting the amount of managerial ownership and institutional ownership. As well as promoting CSR disclosure using ESG scores because only a few Indonesian companies apply ESG scores as a calculation for CSR activities. The findings advise managers to build complex intervention tools to deal with contradictory shareholder opinions about CSR efforts. Further research might be conducted to investigate the impact of audit quality on CSR as an extension of this study.

This study has some limitations that will be addressed in future research. Although several types of ownership structures can impact CSR efforts, this study only examines three proxies for firm ownership. The prospective research might include additional forms of corporate ownership in the analysis to yield more intriguing results. Furthermore, this study used a sample of Indonesian non-financial enterprises, which may differ from the population of Indonesian companies. Thus, future research might broaden this study's population by including all firms in Indonesia, both registered and unlisted, including financial companies, and comparing outcomes across company sectors.

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