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DIRECT AND INDIRECT EFFECT OF GCG IMPLEMENTATION INTENSITY THROUGH CSR IMPLEMENTATION INTENSITY ON MEDIA EXPOSURE AND FINANCIAL PERFORMANCE OF FOOD AND BEVERAGE FIRMS LISTED IN INDONESIA STOCK EXCHANGE

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Abstract

Food and beverage is one of the sub-sectors in the manufacturing industry that had the highest distribution of GDP during 2009-2013. One of the means for the company to raise its GDP value is to maintain its profit margin. High raw material and production costs encourage food and beverage firms to seek external financing by increasing investment opportunities. Financial performance is the basic thing that is seen by investors in assessing a company. However, the implementation of GCG and CSR is also becoming one of investors and prospective investors' considerations in making investment decisions. Website is one of various media used for the publication. Thirteen food and beverage firms listed in Indonesia Stock Exchange were the object of this research. Research variables involved were GCG and CSR implementation intensity, media exposure, and financial performance represented by return on investment in the following year. Data were obtained from audited annual reports downloaded through IDX official website, sample firms' official websites, and Worth of Web Calculator. Path analysis method with a gradual linear regression approach was performed to test the formulated hypotheses. This research discovered that GCG implementation intensity directly and indirectly through CSR implementation intensity improves the quality of media exposure undertaken by the company in the form of more varied contents and the high number of visitors. However, GCG implementation intensity directly and indirectly through CSR implementation intensity does not affect financial performance represented by ROI in the following year.

Keywords: GCG; CSR; media exposure; financial performance.

INTRODUCTION

Food and beverage is one of the sub-sectors in manufacturing industry that has an important role in the development of industrial sector, especially seen from its GDP (Gross Domestic Product) value. Based on data retrieved from BPS (Badan Pusat Statistik), percentage distribution of its GDP was the highest in manufacturing industry during 2009-2013 with the average value of 7,4% (Figure 1). According to industry analysis, food and beverage firms continued to show a positive trend in today's global crisis where many other manufacturing firms suffered a setback (Indrawan, 2010). One of the means for the company to raise its GDP value is to maintain the profit margin. However, high raw material costs and production costs resulted in higher selling prices as well. This encourages the food and beverage firms to seek external financing by increasing investment opportunities (Fatonah, 2013).

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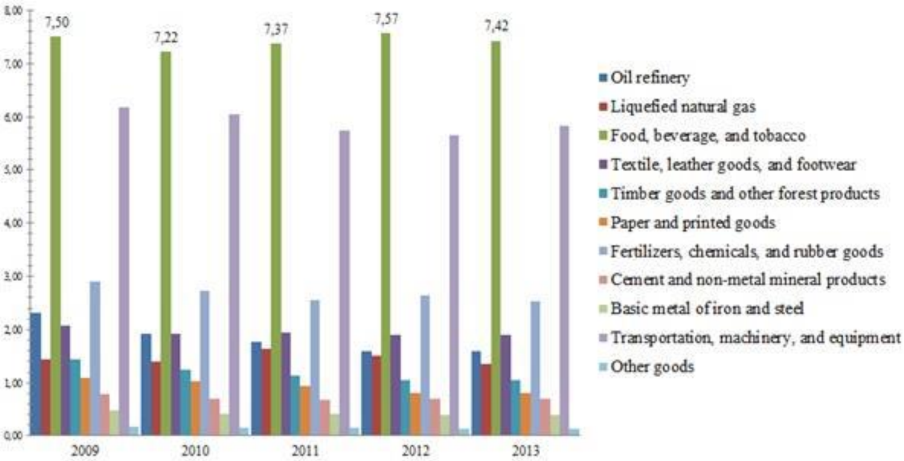

Figure 1. Percentage Distribution of GDP in Manufacturing Industry
(Source: BPS, 2015)

Financial performance is the basic thing that is seen by investors in assessing a company. It represents the financial condition of a firm analyzed using various tools of financial analysis and reflects the achievement of financial performance during a certain period. The appraisal of firm achievement or performance then can be used as a basis for decision making, both for internal and external parties.

Over the past few years, the implementation of Good Corporate Governance (GCG) is becoming one of the investors and prospective investors' considerations in making investment decisions. This was mainly triggered by the collapse of renowned public companies in America and Europe caused by the business strategy failure and fraudulent practices of top management that went undetected in a long time due to the lack of independent supervision by corporate boards (Daniri, 2014).

GCG is believed to be one of the key successes for the company to grow and provide long-term benefits while helping the company as well as the country to rise towards a healthier economy and highly competitive with a dynamic and professional management. This belief underlies the demands of a consistently and comprehensively GCG implementation.

GCG principles adopted by The Organization for Economic Co-operation and Development (OECD) and some other institutes put the principle of responsibility as a pillar upholding GCG. Rakhmat (2013) stated that the application of GCG principles is expected to help the realization of CSR practices, since the implementation of CSR be separated from GCG implementation that will encourage management to manage the company properly included in implementing social responsibility. According to Suharto (2008), a good CSR combines four GCG principles, namely fairness, transparency, accountability, and responsibility, in harmony. Meanwhile, according to Karjaya and Sisdyani (2014), the implementation of CSR needs to be supported by GCG mechanisms in order tobe effective because GCG has a role to control or cope with selfish management behavior.

Corporate social responsibility (CSR) arises as a result of company's operational activities which not only have a positive impact, but also has a negative impact, especially for the people and environment around the company. The company is expected to not only concerned with the interests of its management and capital owners (investors and creditors), but also employees,

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consumers, communities, and the environment.

In communicating CSR implementation to the public, media in the form of website is now beginning to be an option, other than through the corporate annual report. This occurs due to the rapid use of the internet in the community. The company's website is now used as a means of publication and dissemination to build image and public trust about the various activities done by the company.

According to Harmoni (2010), the disclosure through various media is done as a form of accountability to stakeholders and to maintain the corporate reputation. The more people know about the corporate social investment, the lower the corporate risk level in dealing with social turmoil and the higher the value of corporate social hedging.

Through the implementation of GCG and CSR, as well as with the website as a medium of publication, the company is expected to be able to improve its performance by taking into account the social and environmental dimensions, as well as the needs of all stakeholders, to improve operational efficiency and management, and to increase the trust of investor.

LITERATURE REVIEW

Agency Theory

Agency theory is a contractual relationship between one or more parties (principal) to another party (agent) to perform services on behalf of principal which involves the delegation of decision-making to agent (Natalia, 2012). This theory focuses on the establishment of the most efficient contract underlying the relationship between principal and agent. Therefore, a good contract between the investor and the manager is the one that able to explain the contract specifications to be run by manager in managing the funds of investors and specifications about the return distribution between manager and investor (Hapsari, 2011). Contract made between the owner and the manager is expected to minimize the conflict between the two interests. Alijoyo and Zaini (2004) cited by Rini (2012) assumed that the separation of executive and supervision functions in agency theory creates "checks and balances", resulting in a healthy independency for managers to generate maximum business performance and an adequate return for the shareholders.

Stakeholder Theory

Stakeholder theory stated that the company is not the only entity that operates for its own sake, but must provide benefits to its stakeholders. The survival of the company was dependent on the stakeholders. The corporate goal is no longer to accumulate wealth profusely, but to achieve a sustainable development. The company strives to accommodate and satisfy the desire of the stakeholders, so that the harmony between the stakeholders and the company can be properly maintained in order to maintain the survival of the company. This group of stakeholders is also a major consideration for the company in disclosing or not disclosing information in its financial statements.

Good Corporate Governance (GCG)

The Indonesian Institute for Corporate Governance (IICG) defines Good Corporate Governance (GCG) as a structure, system, and process used by the organs of the company in an

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effort to provide corporate added value sustainably in the long term by taking into account the interests of other stakeholders based on norms, ethics, cultures, and applicable rules. Forum for Corporate Governance in Indonesia (FCGI) defines corporate governance as a set of rules that define the relationship between shareholders, managers, creditors, the government, employees, and other internal and external stakeholders in respect to their rights and responsibilities, or the system by which companies are directed and controlled. The added value in question is the effective protection of investors in obtaining a reasonable return of investments.

Mukharomah (2010) stated that the concept of corporate governance is a concept that can be used to manage the business better and more professional as well as competitive. This concept emerges from the presence of: (1) rapid environmental changes and impact on the global market competition (2) growing demands of the various parties interested in the company (stakeholders).

GCG implementation in the company's performance is the key to corporate success in order to make a profit in the long run and have a good competitiveness in global business. According to the survey conducted by McKinsey & Co. (2002) cited by Sayidah (2007), investors tend to avoid companies with a bad predicate in its corporate governance. The attention paid by investors to GCG is as great as the attention on financial performance. The investors believe that companies that implement GCG practices have attempted to minimize the risk of decisions that will benefit themselves and improve corporate performance that can maximize corporate value.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR), according to The World Business Council on Sustainable Development (WBCSD) in its website, is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. CSR activities according to WBCSD include human rights, employee rights, environmental protection, supplier relation, community involvement, stakeholder rights, CSR performance monitoring and assessment.

Anggraini (2006) described corporate social responsibility (CSR) as a mechanism for an organization to voluntarily integrate social and environmental concerns into its operations and interactions with stakeholders, which exceeds the responsibility of the organization in the field of law. Meanwhile, according to Daniri (2008), CSR can be defined as the moral responsibility of a company towards its strategic stakeholders, particularly the community around the work area and its operations.

The concept of CSR emerged as a result of the natural character of each company seeking maximum benefit without regard to the welfare of employees, society, and the natural environment. Along with the increasing awareness and sensitivity of the stakeholders, CSR concept emerged and become an integral part of the survival of the company in the future.

Essentially, the purpose of corporate social responsibility is to provide information that allows for the evaluation of the effect of company's activities to public (Syahnaz, 2013). Meanwhile, according to Asmaranti (2011), the purpose of the disclosure of corporate social responsibility is a form of corporate accountability to all stakeholders in the implementation of corporate social responsibility activities. According to Indrawan (2011), by implementing CSR consistently in the long run, relations with communities to the corporate existence will grow.

 ISBN: 978-602-9438-80-2

This in turn can provide benefits for the company.

Media Exposure

Activities or programs done by the company that are necessary to expose in order to gain certain profitable feedback need to be communicated to stakeholders. In this case, the organization or corporate must determine the method of communication and the media to be used or the incorporation of both, as well as invite the media to help communicate the program created by the company to all its stakeholders.

The development of information and computer technology, including the internet and World Wide Web (WWW) facilities or the web, has been providing a wide choice of media to the company to disclose CSR programs and enhance its relationships with stakeholders. Before selecting the relevant media, according to Rahman (2009) cited by Kusniadji (2011), there are several things that must be considered which are as follows.

1. Characteristics of stakeholders who will be the target of communication.
2. Media selection based on its character and credibility.
3. Time management on delivering the messages to the communicant.
4. The number of provided budget for communication.

The main advantage of web as a medium of communication is that the web has a dimension of timeliness (timely) according to Ettredge et al. (2001) cited by Harmoni et al.(2012), because information can be immediately available (real time). Mass communication and global reach capabilities that are owned by the web allow information to be accessed by various stakeholders. Presentation using graphics, animation and multimedia, and search and tracking facilities is very possible to do on the web. All these advantages help the delivery of information that needs to be communicated by the company to the stakeholders.

Financial Performance

According to Murwaningsari (2009), performance assessment is periodic determination of the operational effectiveness of an organization based on the objectives, standards, and criteria established previously. Corporate performance can be used as guidance in measuring the success of a company. Corporate performance is the measurement of corporate achievements arising from the management decision-making process, because of its relationship to effectiveness of capital utilization as well as efficiency and profitability of activity performance (Nugroho, 2014). Performance reporting is a reflection of the obligation to represent and report the performance of all activities and resources that need to be accounted for.

Measuring financial performance can be done by several methods, one of which is the profitability ratios. Profitability ratio is the ratio to assess the ability of the company in generating profit as well as to measure the effectiveness of its management. ROI (return on investment) is a form of profitability ratios used to measure corporate financial performance comprehensively.

ROI is used to measure the overall ability of the company with funds invested in assets that are used for the company's operations (net operating income) with the amount of investment or asset which is used to generate the operating profit (net operating assets) (Nugroho,2005).

 ISBN: 978-602-9438-80-2

Financial performance in this research is measured by using a proxy of return on investment (ROI) in the following year due to the impact of the financial performance can only be felt in the period after the activity is carried out, thus looking at the performance in the following year is more appropriate.

Hypotheses

GCG implementation disclosure is important for a company to show its stakeholders that there is a system or principle by which the company is directed and controlled in order to achieve a balance between the power and authority of the company in providing accountability to its shareholders in particular and its stakeholders in general. The more intense GCG implementation done by the company, the higher exposure the company wants to disclose through media.

H_1: GCG implementation intensity affects media exposure

High and low obtained values of GCG, according to Sukomulyo (2004) cited by Purwantini (2011), will affect the corporate financial performance. GCG implementation in the company's performance is the key to corporate success in order to make a profit in the long run and have a good competitiveness in global business (Windah and Andono, 2013). The higher GCG implementation intensity, the better corporate financial performance produced because of corporate adherence.

H_2: GCG implementation intensity affects financial performance

Implementation of responsibility principle in GCG can also encourage the implementation of corporate social responsibility towards society and the environment. Rakhmat (2013) stated that the application of GCG principles is expected to help the realization of CSR practices, since the implementation of corporate social responsibility cannot be separated from GCG implementation that will encourage management to manage the company properly included in implementing social responsibility.

H_3: GCG implementation intensity affects CSR implementation intensity

CSR done by the company has the purpose of obtaining legitimacy and positive values from the society. CSR disclosure on company's official website can serve the company as efficiency tool and promotional media as well as plays a role in creating positive public perception of the company. Thus, the higher CSR implementation intensity, the higher company urges to expose it through chosen media.

H_4: CSR implementation intensity affects media exposure

CSR practices can indirectly reduce the costs incurred by the company to address the various issues related to the demands of its stakeholders. With the increase of corporate income and or the stakeholders costs reduction, profit maximization will be created for the company so that the short-term profitability of the company will also increase (neoclassical economics) (Satria and Daljono, 2014).

H_5: CSR implementation intensity affects financial performance

 ISBN: 978-602-9438-80-2

Practices of CSR tend to increase firm financial performance. This is in line with hypothesis 4 where CSR practices have the potentials to reduce costs incurred by the firm.

METHODOLOGY

Population of this research is food and beverage firms listed in Indonesia Stock Exchange in 2012 and 2013. Sample was selected based on the following criteria.

Data used in this research are secondary data which include corporate governance disclosure index, CSR disclosure index, visitor number along with CSR content on the sample firm official website, and the ratio of return on investment (ROI) in the following year and are obtained from audited annual reports downloaded through Indonesia Stock Exchange website (www.idx.co.id), sample firms' official websites, and Worth of Web Calculator worthofweb.com).

Table 1. Sample Selection Criteria and Procedures

Step	Criteria	Firm Number
1	Total of food and beverage firms listed in IDX for 2012-2013	16
2	Firms that do not publish complete annual reports for 2012-2013	0
3	Firms' annual reports do not disclose all the information needed for each variable in this research	1
4	Firms that do not have official website which can be accessed and actively running	2
Selected firms		**13**

GCG implementation intensity in this research is measured by corporate governance disclosure index developed by Kusumawati (2007) and Natalia (2012) and derived from Bapepam-LK Decree No. KEP-134/BL/2006 and Indonesia Guidance of Good Corporate Governance published by KNKG (Komite Nasional Kebijakan Governance), consisting of 16 classifications divided into 93 items of disclosure. The calculation is done by using a dichotomous approach meaning each item of corporate governance in the research instrument will be rated 1 if it is disclosed and 0 if it is not.

Furthermore, the score of each item are summed to obtain the overall score for each company. The calculation formula is as follows.

$$CGDI_j = \frac{\sum X_{ij}}{93} \qquad (1)$$

where:

CGDIj = Corporate governance disclosure index of firm j
X_{ij} = Dummy variable; 1 = if item i is disclosed and 0 = if item i is not disclosed

CSR implementation intensity in this research is measured by CSR disclosure index method proposed by Heckston and Milne (1996) cited by Sembiring (2005) consisting of 7 categories

 ISBN: 978-602-9438-80-2

divided into 78 disclosure items. The calculation is also done by using a dichotomous approach makes the calculation formula is as follows.

$$CSRI_j = \frac{\sum X_{ij}}{78} \quad (2)$$

where:
CSRIj = Corporate Social Responsibility disclosure Index of firm j
Xij = Dummy variable; 1 = if item i is disclosed and 0 = if item i is not disclosed

Media exposure is measured using a combination approach of estimated number of yearly visitors to corporate official website through Worth of Web Calculator (worthofweb.com) and CSR content displayed on corporate official website with the respective percentages of 50%.

$$\text{Media Exposure} = 50\% \text{ yearly visitors} + 50\% \text{ CSR content} \quad (3)$$

Financial performance in this research is measured by using a proxy of return on investment (ROI) in the following ear. ROI calculation formula is as follows.

$$ROI = \frac{\text{Earning After Tax}}{\text{Total Aset}} \times 100\% \quad (4)$$

RESULTS AND DISCUSSIONS

Descriptive statistics give an overview of variables in this research. Descriptive statistical values can be seen in Table 2.

Table 2. Descriptive Statistical Analysis

No.	Firm	GCG	CSR	ME	ROI_{t+1}
1	ADES	0,419	0,192	0,237	0,126
2	AISA	0,452	0,410	0,489	0,069
3	ALTO	0,097	0,077	0,116	0,012
4	DLTA	0,344	0,115	0,206	0,312
5	ICBP	0,505	0,474	0,422	0,105
6	INDF	0,516	0,513	1,000	0,044
7	MLBI	0,366	0,103	0,394	0,657
8	MYOR	0,366	0,167	0,045	0,104
9	PSDN	0,323	0,090	0,075	0,031
10	ROTI	0,366	0,115	0,326	0,087
11	SKBM	0,344	0,103	0,140	0,117
12	SKLT	0,290	0,154	0,160	0,038
13	ULTJ	0,376	0,167	0,526	0,116
Minimum		**0,097**	**0,077**	**0,045**	**0,012**
Maximum		**0,516**	**0,513**	**1,000**	**0,657**
Mean		**0,366**	**0,206**	**0,318**	**0,139**
Standard Deviation		**0,105**	**0,153**	**0,259**	**0,172**

 ISBN: 978-602-9438-80-2

Sample firms on average disclosed 36,66% or 34 items of GCG implementation intensity in annual reports with minimum disclosure of 9,7% or 9 items and maximum disclosure of 1,6% or 47 items. Meanwhile for CSR implementation intensity, sample firms on average disclosed 20,61% or 16 items in annual reports with minimum disclosure of 7,7% or 6 items and maximum disclosure of 51,3% or 40 items.

Media exposure, measured by estimated number of yearly visitors to corporate official website and CSR content displayed on corporate official website, done by sample firms through their official websites on average is 31,81%. On the other hand, mean value of sample firms ROI is 0,13982 indicates that food and beverage firms in 2013on average is able to generate 13,98% return on investment of total assets.

After classical assumption tests were performed and showed that all data are normally distributed and that there is no heteroskedasticity in regression model, the hypotheses were tested. The results are shown in Table 3 through table 7 along with the interpretations and discussions.

The obtained equation from regression result (Table 3) **ME = -0,266 + 1,595GCG** shows a positive correlation between GCG implementation intensity and media exposure which means the higher the intensity of GCG implementation, the higher media exposure undertaken by the company. While F and t significance value that are less than the significance level of 0,05 (α 5%) at 0,0016 indicates that GCG implementation intensity has significant effect on media exposure, then H_1 is accepted.

Table 3. Results of Regression Analysis: Effect of GCG Implementation Intensity on Media Exposure

Attributes	Constant	GCG	Regression
Unstandardized Coefficient	-0.266	1.595	
Standardized Coefficient		0.649	
F			8.025
Significance			0.016
t	-1.244	2.833	
Significance	0.239	0.016	
Coefficient of correlation (R)		0.649	
Coefficient of determination (R^2)		0.422	
Adjusted R^2		0.369	
Standard error of the estimate		0.206	

This result shows that companies consider GCG implementation intensity as positive activities carried out in order to achieve success, so companies would certainly inform them to the stakeholders including general public. It also shows a high awareness of the company to the growing development of internet usage in the community, so that the utilization of corporate official website as a means of publicizing becoming an option that cannot be ignored by the company.

Media exposure undertaken by the company through its website is a means for the company to meet the basic principles of GCG, namely transparency and responsibility and to disclose relevant material and information about corporate activities to the concerned parties and also as a form of corporate responsibility towards those who are interested in the company.

How great companies pay attention to the basic principles of GCG has become an important

 ISBN: 978-602-9438-80-2

factor in making investment decisions, especially in the relationship between corporate governance practices with the character of the current international investment. Implementation of these principles and GCG practices will increase investor assurance in the company (Daniri, 2014).

Table 4. Results of Regression Analysis: Effect of GCG Implementation Intensity on ROI_{t+1}

Attributes	Constant	GCG	Regression
Unstandardized Coefficient	-0.092	0.129	
Standardized Coefficient		0.079	
F			0.069
Significance			0.798
t	0.495	0.263	
Significance	0.631	0.798	
Coefficient of correlation (R)		0.079	
Coefficient of determination (R^2)		0.006	
Adjusted R^2		-.0084	
Standard error of the estimate		0.179	

The obtained equation from regression result (Table 4) **ROI_{t+1} = 0,092 + 0,129GCG** shows a positive correlation between GCG implementation intensity and financial performance in the following year which means the higher the intensity of GCG implementation the better financial performance in the following year. While F and t significance value that are greater than the significance level of 0,05 (α 5%) at 0,798 indicates that GCG implementation intensity has no significant effect on financial performance in the following year, then H2 is rejected.

GCG implementation intensity does not affect corporate financial performance represented by ROI in the following year. This could happen because GCG implementation is still limited as a compliance of regulations rather than as a corporate necessity. In addition, the essential focus on GCG implementation is on the long-term benefits gained by the company, one of which is corporate sustainability. The proxy of financial performance used in this research, which is ROI, is still considered as short-term profitability resulting in unnoticeable effect

This result is consistent with researches conducted by Novrianti and Armas (2012) and Izzati and Sularto (2012). According to Wardani (2008) cited by Novrianti and Armas (2012), this result is caused by several things, namely (1) the low awareness of GCG implemented companies to the necessity of GCG, they implement GCG only to comply with the corporate governance regulations, (2) cultural element developing in the national business environment has not yet supported the development of GCG implementation, for example many companies still think that transparency means opening trade secrets and this may threaten the corporate competitiveness, (3) Indonesian market has not yet noticed GCG implementation in the company, and (4) GCG implementation cannot directly or in the short term creates a favorable change for the company, but it takes time and a lot of information about the implementation in a longer period of time.

 ISBN: 978-602-9438-80-2

Table 5. Results of Regression Analysis: Effect of GCG Implementation Intensity on CSR Practices

Attributes	Constant	GCG	Regression
Unstandardized Coefficient	-0.200	1.110	
Standardized Coefficient		0.763	
F			15.330
Significance			0.002
T		3.915	
Significance		0.002	
Coefficient of correlation (R)		0.763	
Coefficient of determination (R^2)		0.582	
Adjusted R^2		0.544	
Standard error of the estimate		0.104	

The obtained equation from regression result (Table 5) **CSR = -0,200 + 1,110GCG** shows a positive correlation between GCG implementation intensity and CSR implementation intensity which means the higher the intensity of GCG implementation, the higher the intensity of CSR implementation. While F and t significance value that are less than the significance level of 0,05 (α 5%) at 0,002 indicates that GCG implementation intensity has significant effect on CSR implementation intensity, then H_3 is accepted.

This result is consistent with researches conducted by Maryanti and Tjahjadi (2013) and Murwaningsari (2009), despite the use of different proxies. This shows that companies are aware of CSR implementation as the implementation of GCG, so that companies integrate CSR into their business strategy in order to increase competitiveness in terms of brand excellence, corporate reputation, and environmental preservation. In other words, CSR incorporated various components of corporate responsibility towards stakeholders and also corporate responsibility in increasing profits.

Anggraini (2006) stated that the demands on the company to provide transparent information, accountable organization, and good corporate governance (GCG) forcing companies to provide information about their social activities. This suggests that CSR activities cannot be separated from the implementation of GCG. The implementation of CSR can become corporate ultimate weapon in order to finalize the implementation of GCG, especially related to cooperative relationships with stakeholders. GCG and CSR is an equally important element in contributing success for the company.

Table 6. Results of Regression Analysis: Effect of CSR Practices on Media Exposure

Attributes	Constant	GCG	Regression
Unstandardized Coefficient	0.056	1.271	
Standardized Coefficient		0.752	
F			14.355
Significance			0.003
T	0.661	3.789	
Significance	0.522	0.003	
Coefficient of correlation (R)		0.752	
Coefficient of determination (R^2)		0.566	
Adjusted R^2		0.527	
Standard error of the estimate		0.178	

The obtained equation from regression result (Table 6) **ME = 0,056 + 1,271CSR** shows a

 ISBN: 978-602-9438-80-2

positive correlation between CSR implementation intensity and media exposure which means the higher the intensity of CSR implementation, the higher media exposure undertaken by the company. While F and t significance value that are less than the significance level of 0,05 (α 5%) at 0,003 indicates that CSR implementation intensity has significant effect on media exposure, then H_4 is accepted.

Once companies carried out CSR activities program, the next important phase is communicating it. For companies, the purpose of communication activities through a variety of media is a form of corporate accountability to all stakeholders associated with CSR activities as well as to maintain corporate reputation. Some companies even consider the idea that communicating CSR activities is as important as the CSR activities itself. The more people know about the corporate social investment, the lower the corporate risk level in dealing with social turmoil and the higher the value of corporate social hedging (Harmoni, 2011). Of the various media used by companies to communicate their CSR program implementation, corporate official website is one of the chosen means now given the rapid growth of public internet usage.

Table 7. Results of Regression Analysis: Effect of CSR Practices on ROI_{t+1}

Attributes	Constant	GCG	Regression
Unstandardized Coefficient	0.197	-0.277	
Standardized Coefficient		-0.246	
F			0.712
Significance			0.417
T	2.365	-0.844	
Significance	0.037	0.417	
Coefficient of correlation (R)		0.246	
Coefficient of determination (R^2)		0.061	
Adjusted R^2		-0.025	
Standard error of the estimate		01.74	

The obtained equation from regression result (Table 7) $\mathbf{ROI_{t+1} = 0{,}197 - 0{,}277CSR}$ shows a negative correlation between CSR implementation intensity and financial performance in the following year which means the higher the intensity of CSR implementation, the worse financial performance in the following year. While F and t significance value that are greater than the significance level of 0,05 (α 5%) at 0,417 indicates that CSR implementation intensity has no significant effect on financial performance in the following year, then H5 is rejected.

CSR implementation intensity does not affect corporate financial performance represented by ROI in the following year. This result is consistent with researches conducted by Novrianti and Armas (2012) and Kusuma and Syafruddin (2014).

According to Pratiwi and Chariri (2013) cited by Kusuma and Syafruddin (2014), investors have low perception of CSR disclosure because CSR done by companies is generally a part of advertisement for the sake of boosting corporate reputation and positive image. Companies would prefer to reveal things that are good and cover things that are not profitable for the corporate annual reports which led to CSR disclosure quality that is not easily measured and questioned by investors. This resulted in the lack of investor interest to invest their money into the company because investors deemed the company failed to provide relevant information. Thus, intensity level of CSR implementation done by the company does not affect the rate of return on investment.

 ISBN: 978-602-9438-80-2

Waddock *et al.* (1997) cited by Uadiale *et al*. (2011) assumed that companies with responsible behavior may have a competitive disadvantage because they expend unnecessary costs. These costs in the end will reduce shareholder profits and wealth due to the decrease of corporate profits.

CONCLUSIONS AND IMPLICATIONS

Generally, based on analysis results and discussion, it can be concluded that GCG implementation intensity directly and indirectly through CSR implementation intensity improves the quality of media exposure undertaken by the company in the form of more varied contents and high number of visitors. However, GCG implementation intensity directly and indirectly through CSR implementation intensity does not affect financial performance represented by ROI in the following year.

Specifically, the drawn conclusions are as follows.
1. GCG implementation intensity improves the quality of media exposure.
2. GCG implementation intensity does not affect financial performance represented by ROI in the following year.
3. GCG implementation intensity increases CSR implementation intensity.
4. CSR implementation intensity improves the quality of media exposure.
5. CSR implementation intensity does not affect financial performance represented by ROI in the following year.

Above conclusions implicates that firms which implement GCG intensively will encourage them to implement CSR intensively, too. The high intensity of CSR implementation will open up opportunities for firms to improve the quality of CSR contents displayed on their official websites which in turn will attract more visits from the internet user in the hope of increasing corporate capital by attracting prospective investors. However, both GCG and CSR implementation do not have significant impact on financial performance represented by return on investment in the following year.

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