Governance, Accounting and Taxation Journal (GATJ)
Vol.1 No.2, June 2026, pp 215-230

Article Type: Research Paper

Corporate Social Responsibility Disclosure in Indonesian Energy Companies: The Role of Ownership Structure and Environmental Performance

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ARTICLE HISTORY
Received:
2026-02-26
Revised:
2026-06-18
2026-06-24
Accepted:
2026-06-25

Abstract:
Research aims: This study aims to analyze whether managerial ownership, institutional ownership, and environmental performance influence corporate social responsibility disclosure in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period.
Design/Methodology/Approach: This study uses a quantitative with 16 energy firms (2020-2023), totaling 64 observations. CSRD is measured by the GRI index. Managerial and Institutional Ownership are measured as shareholding percentages. Environmental Performance uses PROPER ratings (1-5). Data analysis employs SEM-WarPLS via WarpPLS 8.0..
Research findings: Empirical results show that Managerial ownership and environmental performance positively and significantly affect CSR disclosure, while institutional ownership has a negative and significant effect. The three variables explain 23.4% of CSR disclosure variation
Theoretical contribution/ Originality: This study enriches agency and legitimacy theory with evidence from Indonesia's energy sector. Findings show managerial ownership and environmental performance drive CSR disclosure, while institutional ownership has a negative effect, indicating a shift from public accountability to private monitoring
.**Practitioner/Policy implication:** : Regulators need to tighten oversight of firms with high institutional ownership due to the risk of reduced CSR transparency. Conversely, strengthening incentive programs such as PROVER has proven effective in encouraging broader CSR disclosure through improved environmental performance.
Research limitation/Implication: This study is limited to the 2020-2023 period and a restricted sample due to PROPER criteria. The R-square value of 23.4% indicates many other factors influence CSR disclosure. Future research is recommended to add variables, expand sectors, and extend the observation period.

Keywords: Managerial Ownership, Institutional Ownership, Environmental Performance, Corporate Social Responsibility Disclosure.

Introduction

Companies and society are interdependent entities, as corporate sustainability largely depends on public acceptance and stakeholder support. One mechanism through which companies maintain this relationship is Corporate Social Responsibility (CSR), which reflects corporate commitments to economic, social, and environmental responsibilities. Beyond regulatory compliance, CSR has become an important strategic instrument for enhancing corporate legitimacy, strengthening stakeholder relationships, and supporting long-term corporate sustainability (Suchman, 1995). In Indonesia, CSR implementation has been regulated through Law No. 40 of 2007 concerning Limited Liability Companies and Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017, which requires companies to disclose sustainability-related information through sustainability reports.

However, Corporate Social Responsibility Disclosure (CSRD) practices continue to face significant challenges. The case of PT Medco Energi Internasional Tbk demonstrates that CSR programs may fail to achieve their intended objectives when transparency and accountability are insufficient (AJNN, 2023). Similar concerns regarding environmental management and reclamation activities have also emerged in other energy companies. These conditions indicate that CSR implementation is not always accompanied by adequate disclosure practices, despite increasing stakeholder demands for transparency, accountability, and environmental responsibility. Consequently, stakeholders increasingly expect companies to provide comprehensive information regarding their social and environmental activities through CSR disclosures.

The energy sector represents a particularly important context for examining CSR disclosure because its operations directly affect environmental sustainability and community welfare. Companies operating in oil, gas, coal, and energy infrastructure industries face greater environmental risks and public scrutiny than many other sectors. Their business activities often involve natural resource extraction, carbon emissions, environmental degradation risks, and direct interactions with local communities. Consequently, energy companies are under stronger pressure to maintain legitimacy through transparent disclosure of their environmental and social responsibilities (Suchman, 1995). Therefore, understanding the determinants of CSR disclosure within this sector is important from both theoretical and practical perspectives.

Previous studies have identified several determinants of CSR disclosure, particularly ownership structure and environmental performance. However, empirical findings remain inconsistent. Hermawansa and Amanah (2023) found that managerial ownership positively affects CSR disclosure, whereas Ratnadewi and Wirajaya (2024) reported a negative effect. Similarly, Andriani and Sudana (2023) found that institutional ownership positively influences CSR disclosure, while Ardiansyah and Parasetya (2024) documented a negative relationship. These inconsistencies suggest that the relationship between ownership structure and CSR disclosure remains inconclusive.

More importantly, previous studies have predominantly emphasized empirical inconsistencies while providing limited theoretical explanation regarding how ownership structures and environmental performance jointly influence CSR disclosure decisions. Most prior studies have focused on manufacturing firms, mining companies, or cross-industry samples, while evidence from Indonesian energy companies remains relatively limited. This limitation is important because the energy sector is characterized by higher environmental exposure, stronger stakeholder pressure, and greater legitimacy challenges compared to many other industries. As a result, the determinants of CSR disclosure in the energy sector may differ from those observed in other sectors.

From a theoretical perspective, previous studies have largely examined ownership structure and environmental performance as independent determinants of CSR disclosure without adequately integrating governance and legitimacy perspectives. Consequently, limited attention has been given to understanding how internal governance mechanisms and external legitimacy pressures simultaneously influence CSR disclosure behavior. Addressing this gap may provide a more comprehensive explanation of corporate disclosure decisions in environmentally sensitive industries.

This study is grounded in Agency Theory and Legitimacy Theory. Agency Theory explains how ownership structures influence managerial incentives, monitoring effectiveness, and disclosure decisions (Jensen & Meckling, 1976). Managerial ownership may align the interests of managers and shareholders, thereby encouraging greater transparency and accountability. Institutional ownership may also influence disclosure practices through monitoring mechanisms and governance oversight. Meanwhile, Legitimacy Theory argues that companies disclose social and environmental information to maintain societal approval, strengthen stakeholder relationships, and secure organizational legitimacy (Suchman, 1995). Environmental performance serves as an important indicator of a company's commitment to environmental responsibility and may encourage broader CSR disclosure as a means of maintaining legitimacy. Integrating these theories provides a more comprehensive framework for explaining CSR disclosure behavior in the energy sector.

Therefore, this study aims to examine the effects of managerial ownership, institutional ownership, and environmental performance on Corporate Social Responsibility Disclosure among energy sector companies listed on the Indonesia Stock Exchange during the 2020–2023 period.

This study contributes to the literature in three ways. First, it provides updated empirical evidence regarding the determinants of CSR disclosure in Indonesian energy companies, a sector characterized by substantial environmental impact and increasing stakeholder scrutiny. Second, it extends the application of Agency Theory and Legitimacy Theory by jointly examining how ownership structure and environmental performance influence CSR disclosure decisions. Third, the findings provide practical insights for regulators, investors, and corporate managers regarding governance mechanisms and environmental accountability practices that may enhance CSR transparency and sustainability reporting quality.

Literature Review and Hypotheses Development

Theoretical Framework

This study is grounded in Agency Theory and Legitimacy Theory to explain corporate social responsibility disclosure behavior. Agency Theory explains the relationship between principals (shareholders) and agents (managers), where differences in interests may create agency conflicts and information asymmetry (Andriani & Sudana, 2023). Because managers generally possess more information about company operations than shareholders, they may engage in actions that do not fully align with shareholder interests. Consequently, governance mechanisms are required to reduce monitoring costs and improve transparency.

Managerial ownership and institutional ownership represent two important governance mechanisms that may influence disclosure practices. Managerial ownership aligns managerial interests with those of shareholders because managers directly bear the economic consequences of their decisions. Institutional ownership, on the other hand, enhances monitoring effectiveness because institutional investors possess the resources and expertise necessary to oversee managerial actions and corporate policies. Through these mechanisms, ownership structure may influence the extent to which companies disclose social and environmental information.

Legitimacy Theory argues that organizations seek to ensure that their activities are perceived as consistent with societal values, norms, and expectations. Companies depend on stakeholder support to sustain their operations and maintain their social license to operate. Consequently, firms frequently use Corporate Social Responsibility (CSR) activities and disclosures to demonstrate accountability, communicate social and environmental commitments, and strengthen legitimacy among stakeholders. Companies with superior environmental performance are particularly motivated to disclose CSR activities because such disclosures help demonstrate environmental responsibility and reinforce public trust.

Although Agency Theory and Legitimacy Theory originate from different perspectives, both provide complementary explanations for CSR disclosure behavior. Agency Theory emphasizes internal governance mechanisms that influence managerial incentives and disclosure decisions, whereas Legitimacy Theory focuses on external pressures arising from stakeholder expectations and societal approval. In the energy sector, CSR disclosure may simultaneously function as a governance mechanism that reduces information asymmetry and as a legitimacy strategy that responds to environmental and social concerns. Therefore, integrating these theories provides a more comprehensive explanation of CSR disclosure practices than relying on a single theoretical perspective.

From these theoretical perspectives, ownership structure and environmental performance shape managerial incentives, monitoring mechanisms, and corporate accountability. Managerial ownership influences interest alignment, institutional ownership determines monitoring intensity, and environmental performance reflects a firm's commitment to sustainability. Accordingly, managerial ownership, institutional ownership, and environmental performance are expected to influence CSR disclosure through interconnected governance and legitimacy mechanisms.

Managerial Ownership and CSR Disclosure

Managerial ownership refers to the proportion of company shares owned by managers and board members. Higher managerial ownership aligns managerial interests with shareholder interests, thereby reducing agency conflicts and encouraging long-term value creation (Andriani & Sudana, 2023). Under Agency Theory, managers who hold equity stakes directly experience the consequences of strategic decisions, which may encourage them to support sustainable business practices, including CSR initiatives and disclosures.

From the perspective of Legitimacy Theory, managers with ownership interests have stronger incentives to maintain corporate reputation and preserve stakeholder support. CSR disclosure may therefore be viewed as a strategic investment that enhances organizational credibility and strengthens relationships with external stakeholders. As a result, manager-owners are more likely to support transparency regarding social and environmental activities.

However, an alternative perspective suggests that higher managerial ownership may not always encourage broader disclosure. Managers with substantial ownership stakes already possess direct access to internal information and may perceive less need to provide extensive public disclosures. In such situations, managerial ownership may reduce disclosure incentives because information asymmetry between management and major shareholders becomes less pronounced. Therefore, the relationship between managerial ownership and CSR disclosure remains an empirical issue that warrants further investigation.

Previous studies have reported mixed findings. Komariyah (2022), Kholifah (2022), and Ardiansyah and Parasetya (2024) found that managerial ownership influences CSR disclosure. Based on the theoretical arguments and empirical evidence, the following hypothesis is proposed:
H1: Managerial ownership positively influences Corporate Social Responsibility Disclosure in energy sector companies.

Institutional Ownership and CSR Disclosure

Institutional ownership represents shareholdings owned by institutions such as banks, insurance companies, pension funds, and investment firms. Institutional investors generally possess substantial resources, expertise, and monitoring capabilities that enable them to oversee managerial performance more effectively (Andriani & Sudana, 2023). According to Agency Theory, institutional ownership serves as an important governance mechanism that reduces managerial opportunism and encourages greater corporate transparency.

Institutional investors increasingly consider environmental, social, and governance (ESG) issues when evaluating corporate performance and investment risks. Consequently, firms with higher institutional ownership may face greater pressure to disclose CSR information as part of broader accountability and transparency practices. CSR disclosure provides institutional investors with additional information regarding corporate sustainability and long-term risk management.

Nevertheless, the influence of institutional ownership on CSR disclosure remains subject to debate. The private monitoring hypothesis suggests that institutional investors may obtain relevant information directly from management through private communication channels, thereby reducing their reliance on public disclosure mechanisms. Similarly, ownership concentration theory argues that dominant institutional shareholders may require less voluntary disclosure because they possess privileged access to corporate information. Furthermore, institutional investors differ in their monitoring strategies, with some acting as active monitors and others behaving as passive investors. These differences may lead to varying effects of institutional ownership on CSR disclosure.

Previous studies have produced inconsistent results. Andriani and Sudana (2023), Nurleni et al. (2018), and Ardiansyah and Parasetya (2024) reported that institutional ownership influences CSR disclosure. Therefore, the following hypothesis is proposed:
H2: Institutional ownership influences Corporate Social Responsibility Disclosure in energy sector companies.

Environmental Performance and CSR Disclosure

Environmental performance reflects the extent to which a company manages environmental impacts and demonstrates commitment to environmental sustainability (Aryanti et al., 2023). In Indonesia, environmental performance is assessed through the PROPER program administered by the Ministry of Environment and Forestry, with ratings ranging from Gold (excellent performance) to Black (poor performance). Higher PROPER ratings indicate stronger environmental management practices and greater commitment to sustainable operations.

According to Legitimacy Theory, companies with strong environmental performance are more likely to disclose CSR information to communicate positive environmental achievements and reinforce stakeholder confidence. Environmental disclosure serves as a mechanism for demonstrating accountability, responding to stakeholder concerns, and maintaining organizational legitimacy. Companies may therefore use CSR reporting to highlight environmental achievements and strengthen their public image.

Recent sustainability literature also suggests that firms with superior environmental performance tend to disclose more sustainability-related information to satisfy stakeholder expectations and strengthen ESG credibility. Environmental transparency not only enhances legitimacy but also signals a firm's commitment to responsible business practices and long-term sustainability. Consequently, companies with stronger environmental performance are expected to engage in broader CSR disclosure.

From an Agency Theory perspective, environmental disclosure reduces information asymmetry between management and shareholders by providing information regarding environmental risks, compliance, and sustainability initiatives. Such disclosures allow stakeholders to evaluate managerial accountability in managing environmental responsibilities.

Previous studies by Aryanti et al. (2023), Kholifah (2022), and Andriani and Sudana (2023) found that environmental performance influences CSR disclosure. Therefore, the following hypothesis is proposed:
H3: Environmental performance positively influences Corporate Social Responsibility Disclosure in energy sector companies.

Research Method

Population, Sample and Data

This study employs a quantitative research design using secondary data obtained from annual reports and sustainability reports of energy sector companies listed on the Indonesia Stock

Exchange (IDX) for the period 2020–2023. The use of archival corporate report data is common in empirical CSR disclosure research, as it ensures objectivity and comparability across firms.

The population consisted of 90 energy sector companies listed on the IDX during the observation period. Sample selection was conducted using purposive sampling based on data availability and reporting consistency. Companies were excluded if they did not publish complete annual reports consecutively during the study period. In addition, firms that were not included in the Environmental Performance Rating Program (PROPER) administered by the Ministry of Environment and Forestry were excluded because environmental performance measurement requires official PROPER ratings (Peraturan Menteri Lingkungan Hidup Nomor 1 Tahun 2021).

Based on these criteria, 16 companies were selected, resulting in 64 firm-year observations (16 companies × 4 years). Although the sample size is relatively limited, the selected firms represent energy companies with complete and consistent environmental and CSR disclosure information throughout the observation period.

Operational Definition and Measurement of Variabel

To ensure consistency in empirical analysis, each variable is operationalized using established measures from prior literature. Corporate social responsibility disclosure, managerial ownership, institutional ownership, and environmental performance are measured using data obtained from audited annual reports, sustainability reports, and PROPER ratings. Table 1 presents the operational definitions and measurement formulas for each variable.

Model Specification

This study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) using WarpPLS 8.0 to examine the relationships among managerial ownership, institutional ownership, environmental performance, and Corporate Social Responsibility Disclosure (CSRD). PLS-SEM is appropriate for predictive research models and is widely applied in accounting and sustainability studies because it can estimate complex relationships and provide stable parameter estimates with relatively small sample sizes (Hair et al., 2022; Kock, 2023).

The structural model is specified as follows:

$$\mathbf{CSRDit = \alpha + \beta 1MOit + \beta 2IOit + \beta 3EPit + \varepsilon it}$$

Where:

- CSRD = Corporate Social Responsibility Disclosure
- MO = Managerial Ownership
- IO = Institutional Ownership

- EP = Environmental Performance
- α = Constant
- β1–β3 = Path coefficients
- ε = Error term

Table 1: Operational Definition and Measurement of Variables

Variabel	**Variable Definition**	Measurement	**Scale**
Corporate social responsibility Disclosure (Y)	Corporate social responsibility Disclosure	$CSRDi = \frac{\sum Xij}{nj}$ (Sudana & Andriani, 2023)	Ratio
Managerial Ownership (X1)	Managerial Ownership refers to the percentage of a company's shares owned by managers or members of the board of directors.	$MO = \frac{\text{NUMBER OF MANAGERIAL SHARES}}{\text{NUMBER OF SHARES OUTSTANDING}} \times 100\%$ (Sudana & Andriani, 2023)	Ratio
Institutional Ownership (X2)	Institutional Ownership is the proportion of shares owned by the founding institutions of a company, not by the public or individual investors.	$IO = \frac{\text{NUMBER OF INSTITUTIONAL SHARES}}{\text{NUMBER OF SHARES IN CIRCULATION}} \times 100\%$ (Sudana & Andriani, 2023)	Ratio
Environmental Performance (X3)	Environmental Performance is the performance of a company that pays attention to the environment.	PROPER Rating (score 1-5) (Peraturan Menteri Lingkungan Hidup Nomor 1 Tahun 2021)	Ordinal

Model and Data Analysis Techniques

Data analysis was performed using WarpPLS 8.0. The analysis consisted of three stages. First, descriptive statistics were employed to summarize the characteristics of the research variables through minimum, maximum, mean, and standard deviation values. Second, the structural model was evaluated using the coefficient of determination (R^2), predictive relevance (Q^2), and model fit indices, including the Average Path Coefficient (APC), Average R-squared (ARS), Average Adjusted R-squared (AARS), Average Block Variance Inflation Factor (AVIF), and Tenenhaus Goodness of Fit (GoF).

Because all variables are measured using single observed indicators obtained from secondary data, convergent validity, composite reliability, and discriminant validity are mechanically equal to 1.000 and therefore are not interpreted as latent construct measures. Finally, hypothesis testing was conducted using the WarpPLS bootstrap resampling procedure. The proposed relationships were evaluated based on path coefficients and p-values at a 5% significance level (Hair et al., 2022; Kock, 2023).

Result

Descriptive Statistics Results

In quantitative research, statistical analysis tests are an important stage used to process data so that it can provide an overview of the relationship between the variables being studied. Statistical analysis not only functions as a calculation tool, but also as a scientific basis for drawing conclusions. Through this test, researchers can assess whether the proposed hypothesis is proven or not, as well as determine how strong the influence of the independent variable is on the dependent variable. Thus, the main objective of statistical analysis is to provide research results that are objective, valid, and scientifically accountable. Through descriptive analysis, basic information about the data used can be obtained, such as the amount of data, maximum value, minimum value, mean value, and data distribution as shown by the standard deviation value. Table 1 below presents the results of descriptive statistical analysis of the variables of managerial ownership, institutional ownership, environmental performance, and CSR disclosure.

Table 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Managerial Ownership	64	0.00	0.153	0.016	0.04
Institutional Ownership	64	0.340	1.00	0.650	0.152
Environmental Performance	64	3.00	5.00	3.92	0.841
Corporate Social Responsibility Disclosure	64	0.154	1.00	0.622	0.255
Valid N (listwise)	64				

Source: SPSS 31 Output (Processed Data, 2025)

Table 2 presents the descriptive statistics of managerial ownership, institutional ownership, environmental performance, and CSR disclosure based on 64 firm-year observations. Managerial ownership shows a mean value of 0.016 or 1.6%, with a minimum of 0.000 and a maximum of 0.153 or 15.3%. The standard deviation of 0.040, which is greater than the mean, indicates considerable heterogeneity and wide dispersion in managerial ownership across energy sector firms. The minimum value of 0.000 indicates the presence of firms with no managerial share ownership, while the maximum value of 15.3% implies that certain firms have relatively higher managerial ownership.

Institutional ownership has a mean of 0.650 or 65%, ranging from 0.340 (34%) to 1.000 (100%), with a standard deviation of 0.152. The mean value of 65% indicates that institutional investors dominate the ownership structure of energy sector firms. The standard deviation of 0.152, which is lower than the mean, suggests that institutional ownership data tends to be concentrated with limited variation across companies, reflecting a stable and homogeneous pattern of institutional ownership in the sample.
Environmental performance shows a mean of 3.920 on a scale of 5, with values ranging from 3.000 (blue rating) to 5.000 (gold rating) and a standard deviation of 0.841. The mean of 3.92,

approaching the green rating (4), indicates that, on average, sampled firms have achieved good environmental performance. The standard deviation of 0.841, which is lower than the mean, reflects moderate variation in environmental performance across companies but not extremely dispersed.

CSR disclosure shows a mean of 0.622 or 62.2%, with values ranging from 0.154 (15.4%) to 1.000 (100%) and a standard deviation of 0.255. The mean value of 62.2% indicates that, on average, firms disclose approximately 62% of the 117 GRI indicator items. The standard deviation of 0.255, which is lower than the mean, suggests that CSR disclosure data tends to be concentrated with relatively low variation, indicating consistent disclosure patterns across the sample.

Evaluation of Measurement and Structural Models

Since all variables in this study were measured using single observed indicators obtained from secondary data, the values of outer loadings, AVE, and composite reliability are mechanically equal to 1.000. Therefore, these statistics should not be interpreted in the same manner as multi-item latent constructs. The indicators were retained because they represent objective measures commonly used in prior CSR disclosure and corporate governance research.

The Results Of The Coefficient Of Determination And Predictive Relevance.

The R-square value of 0.234 indicates that managerial ownership, institutional ownership, and environmental performance collectively explain 23.4% of the variation in CSR disclosure. The remaining 76.6% is explained by other factors outside the model such as profitability, firm size, or corporate governance. The Q-square value of 0.241 (>0) confirms that the model has predictive relevance.

Although the model explains 23.4% of the variation in CSR disclosure, this level of explanatory power is not uncommon in corporate disclosure research, where disclosure decisions are influenced by numerous organizational, governance, financial, and stakeholder-related factors. The relatively modest R^2 suggests that CSR disclosure is a multidimensional phenomenon that cannot be fully explained by ownership structure and environmental performance alone. Variables such as firm size, profitability, leverage, board characteristics, ESG strategy, stakeholder pressure, and sustainability governance may provide additional explanatory power and should be considered in future research.

The Model Fit Indices, Indicating That The Research Model Is Well-Specified.

The overall quality of the proposed structural model was evaluated using several model fit and quality indices generated by WarpPLS. These indices assess the model's explanatory power, predictive capability, collinearity, and overall goodness-of-fit. The results of the model fit evaluation are presented in Table 3.

Table 3. Model Fit Test Results

Fit and Quality Indices	Value	Criteria	Conclusion
Average Path Coefficient (APC)	0.228, P = 0.003	P < 0.05	Accepted
Average R-squared (ARS)	0.234, P = 0.003	P < 0.05	Accepted
Average Adjusted R- squared (AARS)	0.196, P = 0.008	P < 0.05	Accepted
Average block VIF (AVIF)	1.088	≤ 5 Acceptable ≤ 3,3 Ideally	Ideally
Average full collinearity VIF (AFVIF)	1.159	≤ 5 Acceptable ≤ 3,3 Ideally	Ideally
Tenenhaus GoF (GoF)	0.484	Small ≥ 0.1 Medium ≥ 0,25 Large ≥ 0,36	Large
Sympson's Paradox Ratio (SPR)	1.000	≥ 0,7 Acceptable = 1 Ideally	Ideally
R-squared Contribution Ratio (RSCR)	1.000	≥ 0,9 Acceptable = 1 Ideally	Ideally
Statistical Suppression Ratio (SSR)	1.000	Acceptable If ≥ 0.7	Accepted
Nonlinear Bivariate Causality Direction Ratio (NLBCDR)	1.000	Acceptable If ≥ 0.7	Accepted

Source: WarpPLS 8.0 Output (Processed Data, 2025)

Based on Table 5, the model fit test results indicate that this research model is well-specified. The P-values for APC, ARS, and AARS are 0.003, 0.003, and 0.008 respectively, all of which are less than 0.05, thus meeting the established criteria. The AVIF value of 1.088 and AFVIF value of 1.159, both below 3.3, indicate that the model is free from multicollinearity issues. The Tenenhaus GoF value of 0.484, which is greater than 0.36, indicates that the predictive power of the model is large. All other indices such as SPR, RSCR, SSR, and NLBCDR also show values that meet the required criteria. Overall, the Goodness of Fit Model test results in this study are good, so the evaluation of the model fit is appropriate and supported by the data.

Hypothesis Testing Results

Hypothesis testing was conducted using the resampling bootstrap method by examining path coefficient values and significance levels at alpha 5% (0.05). Table 4 presents the results of hypothesis testing using the WarpPLS bootstrap procedure. The findings show that managerial ownership positively and significantly affects CSR disclosure ($\beta = 0.188$; $p = 0.019$), supporting H1. Institutional ownership has a negative and significant effect on CSR disclosure ($\beta = -0.155$; $p = 0.043$), supporting H2. Meanwhile, environmental performance positively and significantly influences CSR disclosure ($\beta = 0.341$; $p < 0.001$), supporting H3. Among the three variables, environmental performance exhibits the strongest effect on CSR disclosure, indicating that firms with better environmental performance tend to provide more extensive CSR information.

Table 4. Hypothesis Test Results

Hipotesis	***Path Coefficient***	**P-*Value***	**Conclusion**
H1. X1 → Y	0.188	0.019	Supported
H2. X2 → Y	-0.155	0.043	Supported
H3. X3 → Y	0.341	<0.001	Supported

Discussion

The Effect of Managerial Ownership on CSR Disclosure

The findings indicate that managerial ownership contributes positively to CSR disclosure. This result supports Agency Theory, which argues that ownership participation aligns managerial interests with those of shareholders and encourages decisions that support long-term corporate value (Jensen & Meckling, 1976). Managers who also act as shareholders tend to view CSR activities and disclosure as strategic investments that enhance corporate reputation, strengthen stakeholder relationships, and reduce reputational risk.

From the perspective of Legitimacy Theory, managerial ownership may also encourage greater responsiveness to stakeholder expectations. Managers with ownership interests have stronger incentives to maintain organizational legitimacy because the benefits of positive stakeholder perceptions are directly reflected in firm performance and value (Suchman, 1995). Consequently, CSR disclosure becomes an important mechanism for communicating corporate responsibility and maintaining stakeholder trust.

This finding is consistent with previous studies by Komariyah (2022), Kholifah (2022), and Ardiansyah and Parasetya (2024), which reported a positive relationship between managerial ownership and CSR disclosure. The result suggests that ownership participation by management can encourage greater transparency regarding social and environmental activities, particularly in industries characterized by high environmental exposure and public scrutiny.

The Effect of Institutional Ownership on CSR Disclosure

The findings reveal that institutional ownership is associated with lower levels of CSR disclosure. This result provides an interesting perspective on the role of institutional investors in corporate transparency. Although institutional ownership is commonly viewed as an effective governance mechanism, institutional investors may not always encourage broader public disclosure.

One possible explanation is the private monitoring hypothesis, which suggests that institutional investors often obtain information directly from management through private communication channels. As a result, firms with substantial institutional ownership may face less pressure to provide extensive public disclosures because key investors already possess sufficient information for monitoring purposes (Bushee & Noe, 2000). The finding may also be explained by ownership concentration theory, which argues that concentrated ownership structures often reduce the demand for voluntary disclosure because dominant shareholders can directly access corporate information (Shleifer & Vishny, 1997).

From the perspective of Legitimacy Theory, firms with strong institutional backing may perceive that they already possess a degree of structural legitimacy derived from investor confidence, thereby reducing the perceived need to strengthen legitimacy through extensive CSR disclosure (Suchman, 1995). Furthermore, institutional investors are not homogeneous. Some institutional investors actively promote sustainability and transparency, whereas others place greater emphasis on financial performance and risk management.

This finding is consistent with studies by Andriani and Sudana (2023), Nurleni et al. (2018), and Ardiansyah and Parasetya (2024), which reported that institutional ownership may reduce CSR disclosure under certain governance conditions. The result indicates that institutional ownership does not necessarily function as a driver of CSR transparency. Instead, its influence depends on the monitoring objectives and governance preferences of institutional shareholders.

This finding also suggests that institutional ownership in emerging markets may substitute public transparency with private monitoring mechanisms. Unlike evidence from developed markets, where institutional investors increasingly encourage broader ESG and sustainability reporting, institutional investors in Indonesian energy companies may prioritize direct access to corporate information and financial performance over extensive public disclosure (Dhaliwal et al., 2011; Michelon et al., 2015). Consequently, the governance role of institutional ownership appears to depend not only on ownership concentration but also on investor orientation and the institutional environment in which firms operate.

The Effect of Environmental Performance on CSR Disclosure

The findings demonstrate that firms with stronger environmental performance tend to disclose more CSR information. This result is consistent with Legitimacy Theory, which suggests that organizations seek to maintain societal approval by communicating activities that align with stakeholder expectations and environmental responsibilities (Suchman, 1995).

Companies that successfully manage environmental impacts have incentives to publicize these achievements through CSR disclosure. Such disclosure allows firms to demonstrate accountability, strengthen stakeholder confidence, and reinforce their commitment to sustainable business practices. Consequently, environmental performance becomes an important source of legitimacy that encourages broader disclosure.

This relationship is particularly relevant in the energy sector, where environmental impacts are highly visible and subject to continuous public attention. Firms operating in environmentally sensitive industries face stronger pressure to demonstrate responsible environmental behavior. As a result, CSR disclosure serves not only as a reporting mechanism but also as a strategic tool for maintaining legitimacy and strengthening corporate reputation (Deegan, 2022).

The findings are consistent with previous studies by Aryanti et al. (2023), Kholifah (2022), and Andriani and Sudana (2023), which reported a positive association between environmental performance and CSR disclosure. The results further suggest that environmental performance functions not only as an operational achievement but also as a strategic resource that supports sustainability communication and stakeholder engagement.

Overall, the findings indicate that both governance mechanisms and environmental accountability influence CSR disclosure practices. However, environmental performance appears to play a more prominent role in encouraging disclosure than ownership structure. This suggests that external stakeholder pressure and legitimacy considerations remain important drivers of corporate transparency in environmentally sensitive industries (Suchman, 1995; Deegan, 2022).

From a corporate governance perspective, these findings indicate that ownership structure alone is insufficient to ensure greater CSR transparency. Instead, effective sustainability reporting appears to depend more strongly on environmental accountability and legitimacy considerations than on institutional monitoring mechanisms. This implies that regulators and companies should strengthen environmental governance and ESG reporting practices to improve the quality and credibility of CSR disclosure.

The findings also imply that CSR disclosure is shaped by multiple organizational and institutional factors. Ownership structure and environmental performance explain only part of corporate disclosure behavior, indicating that other factors may also influence disclosure decisions. Future studies may incorporate additional governance, financial, and sustainability-related variables, such as firm size, profitability, leverage, board characteristics, and ESG governance mechanisms, to provide a more comprehensive understanding of CSR disclosure practices.

Taken together, the findings demonstrate that CSR disclosure is shaped by the interaction between internal governance mechanisms and external legitimacy pressures. Managerial ownership encourages transparency by aligning managerial and shareholder interests, whereas institutional ownership may reduce public disclosure when private monitoring substitutes for external reporting. In contrast, strong environmental performance strengthens organizational legitimacy and motivates broader sustainability communication. These findings extend the integration of Agency Theory and Legitimacy Theory by showing that CSR disclosure decisions in Indonesian energy companies are influenced simultaneously by governance incentives and stakeholder expectations rather than by either mechanism alone.

Conclusion

This study investigates the influence of managerial ownership, institutional ownership, and environmental performance on Corporate Social Responsibility Disclosure (CSRD) in energy sector companies listed on the Indonesia Stock Exchange during the 2020–2023 period. The findings demonstrate that managerial ownership and environmental performance positively influence CSR disclosure, whereas institutional ownership exerts a negative influence on disclosure practices.

The study contributes to the literature by extending Agency Theory and Legitimacy Theory in the context of CSR disclosure within environmentally sensitive industries. Specifically, the findings suggest that ownership structures do not uniformly encourage transparency. While managerial ownership promotes broader CSR disclosure through the alignment of managerial and shareholder interests, institutional ownership may reduce disclosure because monitoring activities can occur through private channels rather than public reporting mechanisms. In addition, environmental performance emerges as an important driver of CSR disclosure, highlighting the role of legitimacy considerations in shaping corporate communication strategies.

From a practical perspective, the findings suggest that regulators and policymakers should continue strengthening environmental governance mechanisms, particularly through programs such as PROPER, because improvements in environmental performance are associated with greater transparency regarding social and environmental activities. Corporate managers should also recognize that CSR disclosure is not merely a compliance requirement but a strategic instrument for maintaining legitimacy, strengthening stakeholder trust, and enhancing corporate reputation.

The relatively modest explanatory power of the model indicates that CSR disclosure is influenced by multiple organizational, governance, and stakeholder-related factors beyond those examined in this study. Therefore, future research should incorporate additional determinants such as firm size, profitability, leverage, board characteristics, ESG governance mechanisms, and stakeholder pressure to provide a more comprehensive explanation of disclosure behavior.

This study has several limitations. First, the analysis focuses exclusively on energy sector companies, which may limit the generalizability of the findings to other industries. Second, the observation period covers only four years, potentially restricting the ability to capture long-term disclosure trends. Third, the sample size is limited due to the requirement that firms participate in the PROPER program. Future studies are encouraged to extend the observation period, include multiple industry sectors, employ larger samples, and utilize alternative measures of environmental performance to enhance the robustness and generalizability of the findings.

Conflicts Of Interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.

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