

Political Connections, Public Ownership, Firm Size and Corporate Social Responsibility Disclosure in Mining Companies Indonesia

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Abstract

This study investigates the influence of political connections and public ownership on Corporate Social Responsibility (CSR) disclosure, with firm size serving as a moderating variable, in mining companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The research is motivated by increasing public concern regarding environmental and social issues in Indonesia's mining sector, as well as inconsistent findings reported in previous studies concerning the determinants of CSR disclosure. A quantitative research design was employed using secondary data obtained from annual reports and financial statements. The sample consisted of 30 mining companies selected through purposive sampling, resulting in 120 firm-year observations. The hypotheses were tested using multiple linear regression and Moderated Regression Analysis (MRA) with IBM SPSS version 27. The empirical findings indicate that political connections significantly influence CSR disclosure, whereas public ownership does not have a significant effect. Furthermore, firm size strengthens the relationship between political connections and CSR disclosure but does not moderate the relationship between public ownership and CSR disclosure. These findings provide updated empirical evidence regarding the role of political connections and ownership structure in explaining CSR disclosure practices in Indonesia's mining industry and contribute to the development of legitimacy theory and corporate sustainability literature.

Keywords: Corporate Social Responsibility Disclosure; Political Connections; Public Ownership; Firm Size; Mining Companies



INTRODUCTION

Corporate Social Responsibility (CSR) disclosure has become an essential component of corporate governance and sustainability reporting, particularly for companies operating in environmentally sensitive industries such as mining. CSR disclosure enables companies to communicate their environmental, social, and governance (ESG) commitments to stakeholders while demonstrating accountability for the impacts of their business activities. According to Legitimacy Theory, organizations continuously seek legitimacy from society by ensuring that their operations conform to prevailing social norms, values, and expectations (Dowling & Pfeffer, 1975). Consequently, CSR disclosure serves as an important mechanism for maintaining corporate legitimacy, reducing social conflict, and strengthening relationships with stakeholders (Juwono & Mayangsari, 2022; Windra Lorna Pramesti & Budiasih, 2022).

Indonesia's mining industry plays a strategic role in supporting national economic growth through its contribution to exports, government revenue, and employment. Nevertheless, mining activities often generate significant environmental degradation and social conflicts, including water pollution, ecosystem destruction, and disputes with surrounding communities. These environmental challenges have intensified public demand for greater corporate transparency and accountability regarding environmental and social performance. One notable example involved allegations of chromium-contaminated drinking water associated with nickel mining activities on Obi Island, which raised widespread public concern regarding environmental responsibility and corporate accountability. Such incidents highlight the importance of comprehensive CSR disclosure as a means of maintaining stakeholder trust and corporate legitimacy (Pratiwi, 2022).

Previous empirical studies have identified several corporate characteristics that may influence CSR disclosure, particularly political connections and public ownership. Political connections provide companies with privileged access to government resources, regulatory protection, and strategic advantages, which may subsequently affect corporate disclosure practices (Muliawati & Hariyati, 2021). Politically connected firms are often expected to disclose CSR information more extensively in order to strengthen legitimacy and maintain favorable relationships with government authorities (Juwono & Mayangsari, 2022). Conversely, some studies argue that political connections reduce the need for extensive CSR disclosure because political support already provides reputational protection (Khairin & Firmansyah, 2024). Likewise, firms with higher levels of public ownership are expected to disclose more CSR information because dispersed

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shareholders demand greater transparency and accountability (Rivandi, 2021; Wijaya & Novatiani, 2024).

However, previous empirical findings remain inconclusive. Khairin and Firmansyah (2024) found that political connections significantly affect CSR disclosure, whereas Yuliandhari and Angraini (2022) reported no significant relationship. Similarly, evidence regarding public ownership remains inconsistent. Siregar (2024) documented a positive influence of public ownership on CSR disclosure, while Khairin and Firmansyah (2024) found a negative relationship. Moreover, studies investigating the moderating role of firm size have also produced contradictory findings. Some researchers reported that firm size strengthens the relationship between corporate characteristics and CSR disclosure, whereas others found no moderating effect (Khairin & Firmansyah, 2024; Siregar, 2024).

A clear research gap therefore exists because previous studies have reported inconsistent conclusions regarding the effects of political connections and public ownership on CSR disclosure. Furthermore, most previous studies examined manufacturing companies, banking institutions, or state-owned enterprises, while relatively limited attention has been devoted to mining companies, despite their substantial environmental impacts and higher public scrutiny. In addition, few studies have simultaneously examined the moderating role of firm size in explaining the relationship between political connections, public ownership, and CSR disclosure within Indonesia's mining sector (Khairin & Firmansyah, 2024; Siregar, 2024).

The present study offers several contributions to the literature. First, it specifically investigates the determinants of CSR disclosure in mining companies listed on the Indonesia Stock Exchange during the 2021–2024 period, which represents a period of increasing attention to environmental sustainability and corporate accountability. Second, the study simultaneously examines the effects of political connections and public ownership while incorporating firm size as a moderating variable based on Legitimacy Theory. Finally, this research provides updated empirical evidence regarding CSR disclosure determinants in Indonesia's mining sector and contributes to the development of corporate sustainability and accounting literature.

Accordingly, the objectives of this study are to:

1. Examine the effect of political connections on Corporate Social Responsibility (CSR) disclosure.
2. Examine the effect of public ownership on Corporate Social Responsibility (CSR) disclosure.



3. Examine whether firm size moderates the relationship between political connections and CSR disclosure.
4. Examine whether firm size moderates the relationship between public ownership and CSR disclosure.
5. Provide updated empirical evidence regarding the determinants of CSR disclosure in Indonesian mining companies during the 2021–2024 period, thereby contributing to the advancement of legitimacy theory and corporate sustainability reporting.

LITERATUR REVIEW

2.1 Legitimacy Theory

Legitimacy Theory, originally proposed by Dowling and Pfeffer (1975), explains that organizations continuously seek legitimacy from society by ensuring that their activities are consistent with prevailing social norms, values, and expectations. Corporate legitimacy is essential because it enables firms to maintain access to economic resources and sustain long-term operations. Within this theoretical perspective, Corporate Social Responsibility (CSR) disclosure functions as an important communication mechanism through which companies demonstrate accountability for their environmental and social impacts. Companies operating in environmentally sensitive industries, such as mining, are expected to disclose more comprehensive CSR information in order to strengthen public trust and maintain their social license to operate (Juwono & Mayangsari, 2022; Windra Lorna Pramesti & Budiasih, 2022).

2.2 Political Connections and Corporate Social Responsibility Disclosure

Political connections refer to relationships between corporate executives, directors, controlling shareholders, or other key decision-makers and government officials or politicians. Such relationships may provide firms with preferential access to government resources, regulatory protection, financing opportunities, and strategic advantages (Muliawati & Hariyati, 2021). From the perspective of Legitimacy Theory, politically connected firms are expected to disclose CSR information more extensively in order to strengthen their legitimacy and maintain favorable relationships with governments and stakeholders. Previous studies by Juwono and Mayangsari (2022) and Khairin and Firmansyah (2024) reported that political connections significantly influence CSR disclosure. Nevertheless, other studies, such as Yuliandhari and Angraini (2022), documented insignificant relationships, indicating that empirical evidence remains inconclusive.



H1: Political connections have a positive effect on Corporate Social Responsibility disclosure.

2.3 Public Ownership and Corporate Social Responsibility Disclosure

Public ownership refers to the proportion of company shares held by public investors who do not participate in corporate management. Higher levels of public ownership generally increase public demand for transparency because dispersed shareholders require comprehensive financial and non-financial information for investment decisions (Rivandi, 2021). According to Legitimacy Theory, firms with higher public ownership are expected to disclose CSR information more extensively to enhance accountability and reduce information asymmetry. Previous studies conducted by Siregar (2024) and Pratiwi (2022) reported positive relationships between public ownership and CSR disclosure. However, Khairin and Firmansyah (2024) found that public ownership negatively affects CSR disclosure, suggesting that the relationship remains inconsistent across industries and research settings.

H2: Public ownership has a positive effect on Corporate Social Responsibility disclosure.

2.4 Firm Size as a Moderating Variable

Firm size represents the scale of a company's operations and is commonly measured using the natural logarithm of total assets. Larger companies generally possess greater financial resources, stronger internal control systems, and receive greater public attention than smaller firms. Consequently, they face stronger pressure from stakeholders to disclose comprehensive CSR information (Khairin & Firmansyah, 2024). Based on Legitimacy Theory, firm size is expected to strengthen the relationship between political connections, public ownership, and CSR disclosure because larger firms possess greater resources to implement sustainability programs and communicate them effectively through CSR reporting. Previous studies have demonstrated that firm size may strengthen the relationship between corporate governance characteristics and CSR disclosure, although empirical findings remain mixed (Khairin & Firmansyah, 2024; Siregar, 2024).

H3: Firm size positively moderates the relationship between political connections and Corporate Social Responsibility disclosure.

H4: Firm size positively moderates the relationship between public ownership and Corporate Social Responsibility disclosure.



2.5 Research Position

Despite the growing literature on Corporate Social Responsibility disclosure, empirical findings regarding the effects of political connections and public ownership remain inconsistent. Previous studies have reported contradictory conclusions concerning both variables, while evidence regarding the moderating role of firm size is also inconclusive. Furthermore, earlier research has primarily focused on manufacturing companies, banking institutions, and state-owned enterprises. Comparatively limited attention has been devoted to mining companies, despite their substantial environmental impacts and increasing stakeholder scrutiny. Therefore, this study seeks to address these research gaps by investigating the influence of political connections and public ownership on CSR disclosure, with firm size serving as a moderating variable, among mining companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

RESEARCH METHODS

3.1 Research Design

This study employed a quantitative research approach with a causal research design to examine the effects of political connections and public ownership on Corporate Social Responsibility (CSR) disclosure, with firm size serving as a moderating variable, among mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The study utilized secondary data collected from annual reports and audited financial statements published on the official website of the Indonesia Stock Exchange (www.idx.co.id).

3.2 Population and Sample

The population consisted of mining companies listed on the Indonesia Stock Exchange between 2021 and 2024. The sample was selected using purposive sampling based on predetermined criteria, including the availability of complete annual reports and financial statements throughout the observation period. After applying the sampling criteria, 30 companies were selected, resulting in 120 firm-year observations.



3.3 Variable Measurement

Table 1. Operational Definitions and Measurement of Research Variables

Variable	Symbol	Measurement	References
Corporate Social Responsibility Disclosure	CSR	CSR Disclosure Index (CSRDI) based on GRI	Aruan et al. (2021); Windra Lorna Pramesti & Budiasih (2022)
Political Connections	PC	$\ln (1 + \text{Political Connection Index})$	Saraswati et al. (2022)
Public Ownership	PO	Public Shares / Total Outstanding Shares $\times 100\%$	Rivandi (2021)
Firm Size	SIZE	Natural Logarithm of Total Assets	Zulhaimi & Nuraprianti (2019)

3.4 Data Collection Technique

Data were collected using the documentation method. Annual reports, sustainability reports, and audited financial statements were obtained from the Indonesia Stock Exchange and the official websites of the respective companies.

3.5 Data Analysis

The hypotheses were tested using IBM SPSS version 27. The analytical procedures included descriptive statistical analysis, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression analysis, Moderated Regression Analysis (MRA), coefficient of determination (Adjusted R^2), F-test, and t-test. Statistical significance was evaluated at the 5% significance level.

RESULTS AND DISCUSSION

Research Sample

The object of this research consists of mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The study uses secondary data drawn from the annual reports and sustainability reports of 42 companies, purposively sampled. Data processing indicated the presence of non-normally distributed data, so an outlier test was carried out to obtain data that satisfied the assumptions



required for the analysis. The sample composition after the outlier test is presented in Table 2.

Table 2. Research Sample After Outlier Treatment

No.	Sample Criteria	Amount
1.	Mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period.	42
2.	Mining companies that did not consecutively publish annual reports on the IDX during the 2021–2024 period.	(3)
3.	Mining companies that did not consecutively publish sustainability reports on the IDX during the 2021–2024 period.	(9)
	Number of mining companies meeting the criteria	30
	Number of observations used (30 companies × 4 years)	120
	Observations removed through the boxplot outlier test	(15)
	Number of observations used after the outlier test	105

Thirty companies met the sampling criteria, yielding 120 firm-year observations. However, data processing revealed non-normally distributed data, so an outlier test was carried out using the boxplot method with an interquartile range (IQR) approach. An observation is categorized as an outlier when its value falls outside the lower bound ($Q1 - 1.5 \times IQR$) and the upper bound ($Q3 + 1.5 \times IQR$). This method was used to identify extreme values that could distort the statistical analysis, since the presence of outliers can cause the data distribution to depart from normality and bias the regression coefficient estimates. Fifteen observations were identified as outliers and removed so that the model would produce more accurate and stable estimates. The initial dataset consisted of 120 observations; after outlier removal, the final sample used in this study comprised 105 observations.

Descriptive Statistical Analysis

Descriptive statistical analysis was carried out to describe the research data without aiming to generalize or draw broader conclusions. This test provides an overview of the characteristics of the data through the minimum, maximum, mean, and standard deviation values of each research variable in the mining sector companies under study. The variables analyzed consist of the dependent variable, Corporate Social Responsibility (CSR) disclosure; the independent variables, political connection and public ownership;



and the moderating variable, firm size. The results of the descriptive statistical test for all research variables are presented in Table 3.

Table 3. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Dev.
Political Connection	105	1.79	5.51	2.9309	.95491
Public Ownership	105	.02	.71	.2484	.12556
CSR	105	.32	.84	.5793	.10882
Firm Size	105	26.57	32.24	29.3756	1.65336

Table 3 shows the results of the descriptive statistical test for 105 observations. The Political Connection variable (X1) has a minimum value of 1.79, recorded at PT Dwi Guna Laksana Tbk in 2021, and a maximum value of 5.51, recorded at PT Bayan Resources Tbk in 2023, with a mean of 2.9309 and a standard deviation of 0.95491. The Public Ownership variable (X2) has a minimum value of 0.02, recorded at PT Pelayaran Nasional Bina Buana Raya Tbk in 2024, and a maximum value of 0.71, recorded at PT Eksploitasi Energi Indonesia Tbk in 2022, with a mean of 0.2484 and a standard deviation of 0.12556. The CSR disclosure variable (Y) has a minimum value of 0.32, recorded at PT Wilton Makmur Indonesia Tbk in 2022, and a maximum value of 0.84, recorded at PT TBS Energi Utama in 2023, with a mean of 0.5793 and a standard deviation of 0.10882. The Firm Size variable, used as the moderating variable (Z), has a minimum value of 26.57, recorded at PT Alfa Energi Investama Tbk in 2024, and a maximum value of 32.24, recorded at PT Dian Swastatika Sentosa Tbk in 2023, with a mean of 29.3756 and a standard deviation of 1.65336.

Classical Assumption Test

The classical assumption test was carried out prior to the regression analysis to ensure that the research data satisfy the requirements for the use of a regression model. A good regression model produces accurate estimates and is free from deviations in its basic assumptions, one of which relates to the normal distribution of the data. This study applies four classical assumption tests: the normality test, the multicollinearity test, the autocorrelation test, and the heteroskedasticity test, in order to determine whether the regression model used meets the feasibility criteria so that the results of the analysis can be properly interpreted.



Normality Test

The normality test was carried out to determine whether the data in the regression model, for both the dependent and independent variables, satisfy the assumption of a normal distribution, since a good regression model requires normally distributed residual data. This study uses the One-Sample Kolmogorov-Smirnov test, under which the residual data is considered not normally distributed if the significance value (Asymp. Sig.) is below 0.05, and normally distributed if it is above 0.05. The results are presented in Table 4.

Table 4. One-Sample Kolmogorov-Smirnov Test Results

Indicator	Unstandardized Residual
N	105
Mean	.000000
Std. Deviation	.10410166
Test Statistic	.075
Asymp. Sig. (2-tailed)	.178

Table 4 shows an Asymp. Sig. (2-tailed) value of 0.178, which is above the 0.05 threshold. It can therefore be concluded that the data used in this study are normally distributed.

Multicollinearity Test

The multicollinearity test was carried out to determine whether there is a correlation among the independent variables in the regression model, since a strong correlation among independent variables can affect the accuracy of the regression results. This study assesses multicollinearity through the Tolerance and Variance Inflation Factor (VIF) values; a good regression model should be free from multicollinearity. The results are presented in Table 5.

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF
Political Connection	.641	1.560
Public Ownership	.959	1.043
Firm Size	.625	1.599



Table 5 shows that Political Connection has a tolerance value of 0.641 (> 0.10) and a VIF value of 1.560 (< 10.00); Public Ownership has a tolerance value of 0.959 (> 0.10) and a VIF value of 1.043 (< 10.00); and Firm Size has a tolerance value of 0.625 (> 0.10) and a VIF value of 1.599 (< 10.00). These results indicate that the regression model is free from multicollinearity and is therefore suitable for use.

Autocorrelation Test

The autocorrelation test was carried out to determine whether a correlation exists between the disturbance error in a given period (t) and the disturbance error in the preceding period ($t-1$) within a linear regression model, since a good regression model should be free from autocorrelation, which can otherwise reduce the accuracy of the estimation results. This study uses the Durbin-Watson method to detect the presence or absence of correlation among the residuals. The results are presented in Table 6.

Table 6. Autocorrelation Test Results

R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson
.291 ^a	.085	.058	.10564	1.815

Table 6 shows a Durbin-Watson value of 1.815, compared against a 0.05 significance level. Based on the Durbin-Watson table ($k=4$, $n=105$), the du value is 1.761 and the value of $4-du$ is 2.238. Since the decision rule $du < d < 4-du$, i.e., $1.761 < 1.815 < 2.238$, is satisfied, the Durbin-Watson statistic falls within the accepted interval, and it can be concluded that no autocorrelation is present.

Heteroskedasticity Test

The heteroskedasticity test aims to determine whether the variance of the residuals differs across observations in the regression model. This study tests heteroskedasticity by regressing the absolute residual values on the independent variables; the regression model is considered free from heteroskedasticity if the significance value of each independent variable exceeds 0.05, and to display symptoms of heteroskedasticity if it falls below 0.05. The results are presented in Table 7.



Table 7. Heteroskedasticity Test Results

Variable	B	Std. Error	t	Sig.
(Constant)	.039	.134	.292	.771
Political Connection	-.001	.009	-.162	.872
Public Ownership	-.014	.054	-.255	.799
Firm Size	.002	.005	.320	.749

Table 7 shows significance values of 0.872 for Political Connection, 0.799 for Public Ownership, and 0.749 for Firm Size, all of which exceed 0.05. It can therefore be concluded that the regression model used in this study is free from heteroskedasticity.

Multiple Regression Analysis

Multiple regression analysis was carried out to examine the effect of the independent variables on the dependent variable and to identify the characteristics of the relationship for each independent variable. The results are presented in Table 8.

Table 8. Multiple Regression Analysis Results

Variable	B	Std. Error	t	Sig.
(Constant)	.500	.037	13.343	.000
Political Connection	.010	.011	.914	.363
Public Ownership	.203	.084	2.427	.017

Based on Table 8, the multiple linear regression equation is formulated as:

$$\text{CSR} = 0.500 + 0.010(\text{Political Connection}) + 0.203(\text{Public Ownership}) + e$$

The constant of 0.500 indicates that, when Political Connection and Public Ownership are held at zero, the level of CSR disclosure among mining companies listed on the IDX is 0.500. The regression coefficient for Political Connection is 0.010, meaning that a one-percent increase in Political Connection is associated with a 0.010 increase in CSR disclosure, holding Public Ownership constant. The regression coefficient for Public Ownership is 0.203, meaning that a one-percent increase in Public Ownership is associated with a 0.203 increase in CSR disclosure, holding Political Connection constant.



Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) was used to examine the ability of the moderating variable to strengthen or weaken the relationship between the independent and dependent variables, while preserving the integrity of the sample and allowing the influence of the moderating variable to be controlled within the research model. The results are presented in Table 9.

Table 9. Moderated Regression Analysis Results

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	.594	.051		11.669	<.001
Political Connection	-.438	.176	-3.842	-2.481	.015
Public Ownership	2.509	1.350	2.895	1.858	.066
X1M	.014	.006	4.175	2.509	.014
X2M	-.081	.047	-2.810	-1.735	.086

Based on Table 9, the moderated regression equation is formulated as:

$$\text{CSR} = 0.594 - 0.438(\text{Political Connection}) + 2.509(\text{Public Ownership}) + 0.014(\text{X1M}) - 0.081(\text{X2M}) + e$$

The constant of 0.594 indicates the predicted level of CSR disclosure when all predictor variables are equal to zero. The coefficients in the equation can be interpreted as follows:

1. The Political Connection coefficient is -0.438, meaning that a one-unit increase in Political Connection is associated with a 0.438-unit decrease in CSR disclosure.
2. The Public Ownership coefficient is 2.509, meaning that a one-unit increase in Public Ownership is associated with a 2.509-unit increase in CSR disclosure.
3. The interaction coefficient between Political Connection and Firm Size (X1M) is 0.014, meaning that a one-unit increase in this interaction term is associated with a 0.014-unit increase in CSR disclosure, holding the other independent variables constant. With a significance value of 0.014 (< 0.05), Firm Size is confirmed to moderate the effect of Political Connection on CSR disclosure.
4. The interaction coefficient between Public Ownership and Firm Size (X2M) is -0.081, meaning that a one-unit increase in this interaction term is associated with a 0.081-unit decrease in CSR disclosure, holding the other independent variables constant.



With a significance value of 0.086 (> 0.05), Firm Size does not moderate the effect of Public Ownership on CSR disclosure.

Hypothesis Testing

Coefficient of Determination (R^2)

The coefficient of determination test measures the extent to which the regression model can explain the variation in the dependent variable through the independent variables. Its value ranges from 0 to 1; the closer to 1, the greater the ability of the independent variables to explain changes in the dependent variable. This study uses the Adjusted R Square value. The results are presented in Table 10.

Table 10. Coefficient of Determination Test Results

R	R Square	Adjusted R Square	Std. Error of Estimate
.371 ^a	.138	.094	.10356

Table 10 shows an Adjusted R Square value of 0.094, indicating that Political Connection, Public Ownership, and Firm Size (as the moderating variable) jointly explain 9.4% of the variation in CSR disclosure, while the remaining 90.6% is explained by other variables not included in this study.

F-Test

The F-test was carried out to determine whether the independent variables simultaneously affect the dependent variable. If the significance value is below 0.05, the independent variables are considered to jointly affect the dependent variable. The results are presented in Table 11.

Table 11. F-Test Results (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.084	2	.042	3.712	.028 ^b
Residual	1.148	102	.011		
Total	1.231	104			



Table 10 shows an F-value of 3.712 with a significance value of 0.028, which is below 0.05. It can therefore be concluded that Political Connection and Public Ownership, moderated by Firm Size, jointly and significantly affect CSR disclosure, so that the proposed research model is accepted.

t-Test

The t-test was used to determine the partial effect of each independent variable on the dependent variable. A hypothesis is accepted if the significance value is below 0.05, and rejected if it is above 0.05. The t-test results, based on the moderated regression model, are presented in Table 12.

Table 12. t-Test Results

Variable	t	Sig.
(Constant)	11.669	<.001
Political Connection	-2.481	.015
Public Ownership	1.858	.066
X1M	2.509	.014
X2M	-1.735	.086

Based on Table 12, the results of hypothesis testing can be summarized as follows:

1. Political Connection has a significant effect on CSR disclosure, with a significance value of 0.015 (< 0.05); H_0 is rejected, indicating that Political Connection affects CSR disclosure.
2. Public Ownership has no significant effect on CSR disclosure, with a significance value of 0.066 (> 0.05); H_a is rejected, indicating that Public Ownership does not affect CSR disclosure.
3. The interaction between Political Connection and Firm Size has a significant effect on CSR disclosure, with a significance value of 0.014 (< 0.05); H_0 is rejected, indicating that Firm Size moderates the effect of Political Connection on CSR disclosure.
4. The interaction between Public Ownership and Firm Size has no significant effect on CSR disclosure, with a significance value of 0.086 (> 0.05); H_a is rejected, indicating that Firm Size does not moderate the effect of Public Ownership on CSR disclosure.



DISCUSSION

Effect of Political Connection on CSR Disclosure

The results show that Political Connection has a significant effect on CSR disclosure, with a significance value of 0.015, below the 0.05 threshold; the first hypothesis (H_1) is therefore accepted. Companies with political connections tend to disclose CSR information more extensively than companies without such connections. This is because companies with ties to the government or other politically influential parties face greater demands to demonstrate accountability, transparency, and regulatory compliance. Companies therefore use CSR disclosure as a means of building a positive image, obtaining legitimacy from society, and maintaining good relations with the government and other stakeholders. The existence of political connections thus shapes corporate policy in determining the breadth and quality of CSR disclosure as a form of corporate social responsibility.

This finding supports Legitimacy Theory, which holds that a company must ensure its operational activities are consistent with the values, norms, and expectations of society in order to obtain acceptance and support from its social environment. Legitimacy matters because a company's continuity depends not only on its ability to generate profit but also on its ability to demonstrate responsibility toward social and environmental aspects. Politically connected companies can therefore leverage such relationships to enhance CSR activity and disclosure as a means of maintaining stakeholder trust and legitimacy.

This result is consistent with Juwono and Mayangsari (2022), Muliawati and Hariyati (2021), and Rahayu et al. (2021), who likewise found that political connection affects CSR disclosure. Politically connected companies generally undertake various efforts to build relationships with politicians and government officials, and this connection tends to encourage more active engagement in CSR activities compared with companies lacking political ties.

However, this result is inconsistent with Khairin and Firmansyah (2024) and Yuliandhari and Angraini (2022), who found that political connection has no effect on CSR disclosure. Political connection may influence the relationship between various stakeholders and corporate social responsibility without necessarily affecting the level of disclosure on particular indicators, since politically connected firms tend to be more oriented toward achieving government objectives, particularly in the economic domain, and toward safeguarding their own political interests.



Effect of Public Ownership on CSR Disclosure

The results show that Public Ownership has no significant effect on CSR disclosure, with a significance value of 0.066, above the 0.05 threshold; the second hypothesis (H_2) is therefore rejected. This indicates that the proportion of shares held by the public, whether large or small, does not influence the extent of a company's CSR disclosure, and that companies with high and low levels of public ownership tend to disclose CSR at relatively similar levels.

The insignificance of public ownership suggests that public investors have not been able to exert sufficient pressure on management to increase the transparency of social responsibility disclosure. This is because publicly held shares are typically dispersed among many investors, each holding a relatively small proportion, so that no individual investor has sufficient power to influence corporate policy, including CSR disclosure policy. In addition, most public investors tend to focus more on financial performance and investment returns than on non-financial aspects such as social responsibility disclosure, so that public ownership has not become a factor that drives companies to expand their CSR disclosure.

Under Legitimacy Theory, companies disclose CSR to obtain and maintain legitimacy from society so that their operational activities continue to be accepted. Corporate decisions on CSR disclosure are therefore driven more by the need to meet the expectations of the public, government, regulators, and other stakeholders than by the size of public share ownership. Accordingly, an increase in public ownership does not automatically lead companies to expand CSR disclosure, since companies are more oriented toward maintaining social legitimacy than toward satisfying the demands of public investors, whose influence is relatively limited.

This result is consistent with Andriani and Sudana (2023), Aruan et al. (2021), and Agustia (2022), who found that public ownership has no effect on CSR disclosure. The proportion of publicly held shares, measured as the ratio of publicly owned shares to total shares outstanding, does not show a significant influence on the level of CSR disclosure, because dispersed public ownership with relatively small individual holdings has not been able to perform an effective monitoring function or exert meaningful pressure on companies to increase CSR disclosure. This finding does not support the view that companies with a larger proportion of public ownership tend to disclose CSR more extensively than companies with lower public ownership.

However, this result is inconsistent with Pratiwi (2022) and Windra Lorna Pramesti and Budiasih (2022), who found that public ownership affects CSR disclosure.

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Companies with higher levels of public ownership tend to pay closer attention to social responsibility disclosure, since greater public trust in a company is accompanied by greater demands from the public and investors for the company to carry out social activities that benefit the surrounding environment and community, so that higher public ownership can encourage broader CSR disclosure.

Moderating Effect of Firm Size on the Relationship between Political Connection and CSR Disclosure

The results show that Firm Size moderates the effect of Political Connection on CSR disclosure, with a significance value of 0.014, below the 0.05 threshold; the third hypothesis (H_3) is therefore accepted. Firm size strengthens the effect of political connection on CSR disclosure, meaning that politically connected companies tend to disclose CSR more extensively when the company is large than when it is small.

Larger companies generally have greater assets, more complex operations, and higher visibility, making them more likely to attract the attention of government, investors, the public, and the media. This exposes large companies to greater demands to conduct business responsibly and transparently. When a large company also has political connections, this relationship further encourages the company to increase CSR disclosure as a form of accountability, regulatory compliance, and an effort to maintain good relations with the government and other stakeholders. In smaller companies, by contrast, the effect of political connection on CSR disclosure tends to be weaker, since the level of public scrutiny, media attention, and stakeholder pressure is relatively lower, reducing the incentive to leverage political connections to increase CSR disclosure. Firm size therefore strengthens the relationship between political connection and CSR disclosure.

This finding supports Legitimacy Theory, which holds that a company must obtain acceptance and support from society to sustain its business continuity, and that CSR disclosure serves as a form of responsibility for the social and environmental impact of its operations. Large, politically connected companies tend to receive greater public attention and are therefore driven to increase CSR disclosure to protect their image, reputation, and relationship with the government and other stakeholders, making CSR disclosure a strategy for maintaining social legitimacy.

This result is consistent with Juwono and Mayangsari (2022) and Khairin and Firmansyah (2024), who found that firm size moderates the effect of political connection on CSR disclosure. Politically connected companies tend to be more motivated to

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increase CSR disclosure, since political connections allow companies to obtain particular forms of support or facilitation from the government. As CSR implementation is one of the obligations regulated by the government, politically connected companies tend to improve the quality of their CSR disclosure as a form of compliance and as an effort to maintain a good relationship with the government.

However, this result is inconsistent with Aviyanti et al. (2022), who found that firm size does not moderate the effect of political connection on CSR disclosure. Politically connected companies, whether large or small, tend to prioritize improving financial performance in line with management interests and political relationships rather than investing in CSR activities, using their political influence to pursue economic benefits instead.

Moderating Effect of Firm Size on the Relationship between Public Ownership and CSR Disclosure

The results show that Firm Size does not moderate the effect of Public Ownership on CSR disclosure, with a significance value of 0.086, above the 0.05 threshold; the fourth hypothesis (H₄) is therefore rejected. This indicates that firm size, whether large or small, does not alter the relationship between public ownership and CSR disclosure, and neither strengthens nor weakens the effect of public ownership on the level of CSR disclosure.

The insignificant moderating role of firm size suggests that, in both large and small companies, public ownership has not been able to drive greater CSR disclosure. This is because publicly held shares are typically dispersed among many investors with relatively small individual holdings, limiting their ability to influence corporate policy, including CSR disclosure policy. In addition, most public investors in Indonesia tend to prioritize financial performance and investment returns over social and environmental considerations, resulting in relatively low attention to CSR disclosure.

Under Legitimacy Theory, CSR disclosure is undertaken to obtain and maintain legitimacy from society and to meet stakeholder expectations. Corporate decisions on CSR disclosure are therefore driven more by pressure from government, regulators, the public, and other influential parties than by public investors. Even when a company is large and highly visible, this does not necessarily strengthen the influence of public ownership on CSR disclosure, so that firm size neither strengthens nor weakens the relationship between public ownership and CSR disclosure.

This result is consistent with Agustia (2022) and Aruan et al. (2021), who found that firm size does not moderate the effect of public ownership on CSR disclosure. In both



large and small companies, high or low levels of public ownership do not consistently affect the extent of CSR disclosure, likely because publicly held shares represent a minority holding dispersed across many shareholders outside the institutional, managerial, government, and foreign ownership groups, limiting their capacity to perform a monitoring function or exert pressure on management to increase social responsibility disclosure in annual reports.

However, this result is inconsistent with Khairin and Firmansyah (2024), who found that firm size moderates the effect of public ownership on CSR disclosure. Large companies with a higher proportion of public ownership tend to disclose more extensive information, including CSR-related information, to meet stakeholder information needs and as a form of accountability for the larger operational impact on the environment and society, with such social responsibility information often communicated through a sustainability report.

CONCLUSION

This study examined the effects of political connections and public ownership on Corporate Social Responsibility (CSR) disclosure, with firm size serving as a moderating variable, among mining companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The empirical findings indicate that political connections have a significant positive effect on CSR disclosure, whereas public ownership does not significantly influence CSR disclosure. Furthermore, firm size strengthens the relationship between political connections and CSR disclosure but does not moderate the relationship between public ownership and CSR disclosure.

This study contributes to the growing literature on Corporate Social Responsibility disclosure by providing updated empirical evidence from Indonesia's mining industry, which receives substantial public attention due to its environmental and social impacts. From a practical perspective, the findings provide useful insights for corporate managers in designing sustainability strategies and for regulators and investors in evaluating corporate transparency and accountability. Future research is encouraged to incorporate additional explanatory variables, such as profitability, institutional ownership, environmental performance, or corporate governance mechanisms, while extending the analysis to other industrial sectors or employing alternative analytical approaches to obtain broader empirical evidence.



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