The Influence Of Company’s Exposure of Social Responsibility to Investor Reactions

Rima Rachmawati and Tety Lasniroha Sarumpaet**

Abstract

Companies’ social responsibility is not only producing profit but also protecting and increasing social welfare. As a manifest of social responsibility company must disclose the things that related to protecting and increasing social welfare. One of the ways to expose social responsibility is annual company report. By this annual report the market will react. The reactions can be seen from the effect to stocks market price or the activity of trading volume. The study investigates the differences between the investor reactions of the company with exposed social and environment responsibility and investor reaction of the company with unexposed social and environment social responsibility. The investigation is using secondary data from BAPEPAM and Indonesia Stock Exchange. Data analysis and hypothetical test to investigate is the test of normality kolmogorov-smornov using SPSS and paired sample t-test and independent sample t-test. Based on the hypothetical testing we find that the value of stock return and stock trading volume are not varied by the exposure of social responsibility. Then we conclude that there is no significant difference of the investor reaction of the company with exposed social responsibility from company of unexposed social responsibility.

Keywords: company social responsibility, stock return and trading volume.

Introduction

The last few years in various media, both print and electronic media a lot of environmental damage is reported due to the impact of the activities of an organization. For example in 2003 PT Newmont Minahasa Raya (NMR) is expressed as the party responsible for the pollution of Buyat Bay (Source: Media Indonesia, 2003). Phenomena gives the awareness that as a public company's business entities have a social responsibility. The company uses labor for production activities, with the use of such labor organizations have the responsibility for the safety, security and welfare of employees. The company uses natural resources to production activities, with the use of natural resources so companies have a responsibility for the cleanliness of air, soil and water. Companies use the capital for production activities, with the use of capital the company has responsibility for the return of capital.

Based on the above reasons it can be concluded that a business organization not only focuses on the events or transactions have economic but social and environmental events. management of any company's philosophy has shifted from agency theory (agency theory) into the theory of stakeholders (Kholis, 2003). Shift from management-oriented maximizing the interests of each party (the principal and agent) to manage the expansion of corporate responsibility to stakeholders (customers, suppliers, employees, banks, shareholders and future generations). The principle of good corporate governance is transparency, accountability, responsibility, independence and fairness and equality is needed to achieve sustainability (sustainability) company with the stakeholders concerned (stakeholders). Indonesian Institute of Accountants (IAI) to accommodate the interests of decision makers through PSAK No.1 paragraph nine, said:

"The company can also provide additional reports as reports about the environment and report value added (value edded statement), especially by the industries in which environmental factors
play an important role of life for industry that considers employees as a group of users who report an important role."

Amount of information disclosed in the report enables investors to see and judge better in the company, in the hope that investors feel secure against the investment. If it happens continually likely investors will increase its investment. This may be reflected in the continued demand for increased stocks. Effective market situation, if the markets react rapidly due to new information presented in the securities. According Jogiyanto (2003) the market reacts in a time interval of two days before the announcement and the announcement a day at the time. In this study period was taken five days before the announcement and five days after the announcement, with hopes for more belief that the information published (the disclosure of social responsibility) has been received by investors.

-----------------------------------------------------------------------------------------------------------

Rima Rachmawati, S.E.,MSi.,Ak. Lecturer of Faculty Economy at Widyatama University. E-mail: rachmawati.rima@yahoo.com, rachmawati.rima@widyatama.ac.id

Tetty Lasniroha Sarumpaet, S.E., M.Ak.. Vice Director of Accounting Department and Lecturer of Faculty Economy at Widyatama University. E-mail: tetty.ls@yahoo.com, tetty.lasniroha@widyatama.ac.id

In this study, the authors use the (sample) the company went public, including the types of companies doing business in the field and / or related natural resources of Mining, Energy and Oil (mineral mining, coal mining, power energy exploration and production, processing and distribution of oil and gas and other similar); Company of Agriculture and Forestry (Palm Oil Processing, Sugar Factory, plywood, rubber (crumb rubber), Tapioca and other similar).

This study aims to test whether there is a difference in the reaction of investors (stock return and trading volume) of a mutual company corporate social responsibility by companies that do not disclose corporate social responsibility through annual reports, companies are required to perform social responsibilities pursuant to Law No.40 of 2007 regarding Limited Liability Company. Previous research conducted by Widyastuti (2002) who predicted widespread impact on voluntary disclosure ERC (Earning Response Coefficient). Zuhroh and Sukmawati (2003) conduct empirical tests to determine the effect of widespread social disclosure of the reaction reflected investors through stock trading volume is categorized in the high-profile industry. Zuhroh et al (2003) found that social disclosure in corporate annual reports affect the volume of trading in shares of companies that enter high-profile categories.

The objective of this paper is to find out The Influence Of Exposure of Company's Social Responsibility to Investors Reactions.

**Literature Review**

**Social Accounting**

Social accounting by Belkaoui (1993:434) referred to as the Socioeconomic accounting is "the process of ordering, Measuring, and disclosing the impact of changes between a firm and its social environment "by Estes (1976) social accounting purposes are grouped into:
1. Corporate objectives, which include:
   a. To enhance company image
   b. As a learning tool for Corporate Management (learning)
   c. To implement corporate social responsibility (social responsibility)
2. Social objectives, namely include:
   • The purpose utility (usefulness) is menyediakan useful information for users report to improve resource allocation efficiency.
   • Stewardship goals of the company's reported use of resources entrusted to the company public.

Social accounting purposes according to Hendriksen (1994) in Azizul (2003) is to provide information that enables the influence of corporate activities on society can be evaluated. Cycle of social accounting can be described simply as follows (Azizul, 2003):

![Social Accounting Cycle](image)

**Social Responsibility**

As expressed by Robbing (2004) that, "corporate social responsibility is not only profitable but also include protecting and improving social welfare". According to Lewis, Goodman and Fandt (2004): “corporate social responsibility is the interaction between business and the social environment in which it exist.”

According to Covey, the word responsibility (liability) consists of two words, the response (response) and ability (capability). So the responsibility is the ability to have a person or a corporate organization to respond to the things for which a response to the person or company by other parties.

According to the Post, et al (2002) that the responsibility should the company consists of economic responsibility, legal responsibility, and social responsibility. Figure The Multiple Responsibilities of Business explains the responsibilities of the three.

The third of these responsibilities requires companies to find the best way to fulfill these responsibilities third because the practice often conflicts between these responsibilities. Economic responsibility means corporate responsibility as an institution to generate profits (to the stockholder liability), legal responsibility to corporate responsibility means to meet the regulations made by the government (responsibility to the Government), and the social responsibility of corporate responsibility means in the interplay back to the stakeholders (employees, environment, society at large).

Disclosure is defined as the provision of information is needed for optimal operation of efficient capital markets (Hendriksen, 1996, in Zuhroh and I Putu Pande, 2003).

IAI as stated in paragraph 9 PSAK No.1 give a statement as attention to the importance of disclosure of information. PSAK reads:

"The company can also provide additional reports as reports about the environment and report value added (value added statement), especially for industries where the factors of the environment and play an important role for industry officials consider a report user groups play an important role."

Disclosures in annual reports can be grouped into (1) mandatory disclosure (mandatory disclosure) is based on the disclosure rules and specific standards and (2) disclosure of the nature voluntary (voluntary disclosure) that disclosure of information beyond the minimum requirements of the applicable regulations.

**Investor Reactions**

Financial reports published at least once a year have a reaction to stock prices as revealed by Teguh (2006). Emilia (2006) also gave the same opinion that an effective market will be reflected in the rapid entry of investors react to new information, which if market participants (investors) consider good information (good news) there will be investor reaction is reflected by increasing stock prices through stock trading.

One method to determine the market reaction is to look at market behavior that is projected to change in trading volume (trading volume of activity / TVA) even to consider presence and absence of market rekasi often seen from the return of shares (the results obtained from the investment).

**Research Hypothesis**

Hypotheses to test the hypothesis formulated in the following statistics:

\[ H_{0.1} : \mu_1 = \mu_2 \]

The reaction of investors (return stock and stock trading activity) of the company's relatively disclose social responsibility is not different from the reaction of investors (return stock and stock trading activity) of the company did not disclose the relative social responsibility.

\[ H_{1.1} : \mu_1 \neq \mu_2 \]
The reaction of investors (return stock and stock trading activity) to the company revealed a relatively distinct social responsibility by the reaction of investors (return stock and stock trading activity) of the company did not disclose the relative social responsibility.

\[ H_0 \]: \( \mu_{t-5} = \mu_{t+5} \)

The reaction of investors (return stock and stock trading activity) five days prior to the disclosure of social responsibility is not different from the reaction of investors (return stock and stock trading activity) five days after the disclosure of social responsibility, both at the company revealed that the relative social responsibility and the company not reveal the relative social responsibility.

\[ H_1.2 \]: \( \mu_{t-5} \neq \mu_{t+5} \)

The reaction of investors (return stock and stock trading activity) five days prior to the disclosure of social responsibility different from the reaction of investors (return stock and stock trading activity) five days after the disclosure of social responsibility, both at the company revealed that the relative social responsibility and the company's relative not disclose social responsibility.

\[ H_0.3 \]: \( \mu_1 = \mu_2 \)

Changes in investor reaction (return stocks and stock trading activity) after the disclosure did not differ between the relatively menungkapkan companies with a relatively firm did not disclose social responsibility.

\[ H_1.3 \]: \( \mu_1 \neq \mu_2 \)

Changes in investor reaction (return stocks and stock trading activity) after the disclosure of which differ among companies with relatively menungkapkan relatively firm did not disclose social responsibility.

**Independent Variable (Social Responsibility)**

Disclosure of social responsibility as a free variable (variable X). Disclosure of social responsibility indices denoted by the broad social disclosures relative expression of each sample of companies doing social disclosure. This variable is composed of four themes (Farid, 2006), namely: environmental theme, the theme of employee welfare, product safety theme and the theme of community. In determining the disclosure index used tabulation techniques for each sample based on list of companies Social and Environmental Disclosure. In this study to calculate the index of disclosure using the same score used by Emilia (2006) as made in table 3.3.

<table>
<thead>
<tr>
<th>No</th>
<th>Score</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0</td>
<td>The Company does not disclose the items on the list of Social and Environmental Disclosure</td>
</tr>
<tr>
<td>2.</td>
<td>1</td>
<td>Companies disclose the items on the list of Social and Environmental Disclosure in the narrative only course (qualitative narrative)</td>
</tr>
<tr>
<td>3.</td>
<td>2</td>
<td>Companies disclose the items on the list of Social and Environmental Disclosure in the form of narrative is equipped with a value of money, tables or graphs (quantitative monetary).</td>
</tr>
</tbody>
</table>

Measurement scale used is ordinal, meaning that the data is expressed in the form of categories and position data are not equal because the scale is expressed in the ratings.
Dependent Variable

The reaction of investors was reflected by the stock return and volume of shares trade as a bound variable (variable Y).

Return is expressed in the following formula:

\[ E(r) = \frac{P_1 - P_0}{P_0} + \text{Yield} \]

Yield is the percentage of cash receipts periodically to the price of the investment period. For stocks, dividend yield is the percentage of stock price the previous period. If the current investment price (P1) is higher than the price of investment and period (P0) means there capital gains (capital gains), while if the opposite P1 is P0 lower capital losses. (capital losses). Return is the ratio between the initial cost with the results. For shares, which meant the cost of the purchase price originally / investment rates and period (P0), while the intended outcome is the final price / current price of investment (P1).

Meanwhile, the volume of trade shares is known by the trade volume of activity / Trading Volume Activity (TVA). Stock trading volume is measured by relative trading activity (trading volume relative activity) menurut Foster (1986:375) calculated by formula (TVA it):

\[ TVA_t = \frac{\text{Number of shares of firm } \text{traded in time } t}{\text{Number of shares of firm } \text{outstanding in time } t} \]

If TVA changed around the date of publication, the financial statements are considered to have benefits, or vice versa if TVA does not change the financial statements have not considered the benefits.

The observed period is the volume of stock trading during the announcement date, five days before and five days after the date of the announcement in 2006. Reasons for the use of this period are:

a. If less than five days is feared that the information is not enough market absorbed.
b. If the period used for more than five days is feared will happen confounding effects, the impact caused by the existence of other announcements such as mergers, stock splits, rights issues and dividend announcements.

Data Source

The data used in this research is secondary data derived from:

2) Accessing through http://www.bei.co.id
3) Access through http://www.bapepamlk.go.id
4) Accessing the sample through the company website.
5) Other supporting literature materials, such as books related to Social Accounting, Corporate Social Responsibility, Tools and Techniques of Investment Analysis or other books as well as data from previous studies related to issues under investigation.

Data collection techniques used in this study is the observation that the validity of which is the content validity (content validity), while the validity and reliability of statistics is not used because it is not relevant. Stock trading volume data is used to observe the reaction of investors conducted for 11 days ie five days before, and five days after the date of the annual report for 2006 published.
Population and Sample

Population in this research is that companies listing on the Indonesia Stock Exchange (BEI) that run their business activities in the field and / or related to natural resources. Based on data from the Indonesian Capital Market Directory (ICMD), the issuer who run their business activities in the field and / or relating to natural resources there are 82 issuers. sampling method used is the method Proportionate stratified random sampling. This method is based on the consideration that each stratum is expected to be internally homogeneous, whereas the other strata are heterogeneous (Subiyanto, 2000:96).

Table 1. Research Population and Sample

<table>
<thead>
<tr>
<th>No</th>
<th>Company Groups</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture, forestry and fishing</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Mining and mining services</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Food and beverages</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Tobacco manufacturers</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Lumber and wood products</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Paper and allied products</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Plastics and glass products</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Cement</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Metal and allied products</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>10</td>
<td>Fabricated metal products</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>150</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: ICMD, PT Bursa Efek Indonesia, 2006 (Diolah)

Research Models and Data Analysis

Data Analysis Techniques

1. Score Calculation Social and Environmental Disclosure
   a) Make a List Disclosure Corporate Social Responsibility
      Social Disclosure List consists of items the disclosure of corporate social responsibility in which each item is provided where the answers on the status of disclosure in financial statements the company concerned.
   b) Calculate the scores of social and environmental disclosure
      Based on the issuer’s 2006 annual report will be assessed if there are items of social and environmental disclosure. If the issuer’s annual report does not reveal the items of social and environmental disclosure will be rated / scored 0, if the issuer’s annual report revealed the items of social and environmental disclosure in the narrative only course (qualitative narrative) will be rated / scored 1 and if in the annual reports reveal the items of social and environmental
disclosure in the form of narrative is equipped with a value of money, tables or graphs (quantitative monetary) will be given a value / score 2. After a complete assessment field next step is to calculate the total score of each issuer to see the level of social and environmental disclosure company

c) Classifies issuers into two groups namely the first group as the issuer of the relatively disclose social responsibility and the second group as the issuer does not disclose the relative social responsibility.

2. Calculation of Stock Return and Trading Volume

Return is the ratio between the initial cost with the results. For shares, which meant the cost of the purchase price originally / investment rates and period (P0), while the intended outcome is the final price / current price of investment (P1). Return can be a return realization has occurred or return expectations that have not happened but that is expected to happen in the future. Return realization is calculated based on historical prices, return realization can be used as an indicator to assess the performance of the company. Some measurements realization that many of the stock used is the total return, relative return, the cumulative return and the return adjusted. Total return is total return from an investment in a particular period. Total return consisting of capital gain (loss) and yield. Return is expressed in the following formula:

\[ E(r) = \frac{P_1 - P_0}{P_0} + \text{Yield} \]

Yield is the percentage of cash receipts periodically to the price of the investment period. For stocks, dividend yield is the percentage of stock price the previous period. If the current investment price (P1) is higher than the price of investment and period (P0) means there capital gains (capital gains), while if the opposite P1 is P0 lower capital losses (capital losses). For common stock that pays dividends for D1 periodic per-share will yield a total return D1/P1 and expressed in the following formula:

\[ E(r) = \frac{P_1 - P_0}{P_0} + \frac{D_1}{P_0} \]

Trading volume activity are used to see whether individual investors assess the financial reports informative, in terms of whether that information to make trading decisions on a normal trading decisions (Husnan, 1996:112).
Stock trading volume is measured by relative trading activity (trading volume relative activity) by Foster (1986:375) calculated by formula (TVAit):

\[
TVA = \frac{\text{Number of shares of firm, traded in time } t}{\text{Number of shares of firm, outstanding in time } t}
\]

3. Hypothesis Testing

Before the hypothesis testing prior to testing normality of the data to determine the type of statistics that will be used, whether the statistical parametric or nonparametric statistics. Testing data for normality using the Test of Normality Kolmogorov-Smirnov with the SPSS program.

According to Singgih Santoso (2002; 393), the basic decision-making can be based on probability (Asymtotic Significance), namely:

- If the probability > 0.05 then the distribution of the population is normal.
- If the probability of <0.05 then the population is not normal (berdistribusi)

Visual testing can also be done with a normal graphical method Probability plots in SPSS program. Basic decision making

- If the data are spread around the diagonal line and follow the direction of the diagonal line, it can be concluded that the regression models meet the assumptions of normality.
- If the data are spread far from the diagonal line and not follow the direction of the diagonal line, it can be concluded that the regression models did not meet the assumption of normality.

In this study the author uses the probability value (p-value) for the normal decision whether or not the studied variables. After testing data for normality is further processed with the following conditions.

- If the data normally used berdistribusi t test (paired samples t-test to test five days before the fifth day after and independent sample t-test to test between group companies are relatively expressed by a relatively firm did not disclose).
- If data are not normally used berdistribusi nonparametric test (Wilcoxon signed rank test to test five days before the fifth day after and the Mann-Whitney test to test between group companies are relatively expressed by a relatively firm did not disclose).

To test the first hypothesis is used the following formula:

- If the data berdistribusi both normal and variances homogeneous groups the t test formula used is:

\[
\begin{align*}
T & = \frac{\bar{x}_1 - \bar{x}_2}{s \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \\
& = \frac{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}}{s \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}
\end{align*}
\]

(Cooper & Schindler, 2006:510)

The test criteria are:
Reject $H_0$ if $t >$ obtained from the distribution $\alpha / 2 \cdot \alpha t_1$, where $t_1 \cdot \alpha \text{dist with df } = (n_1 + n_2 - 2)$ and opportunities ($1 -$

Or reject $H_0$ if the probability value (p-value) $< 0.05$.

- If the data are normal but the variance berdistribusi two groups are not homogeneous then the $t$ test formula used is:

\[
\bar{x}_1 - \bar{x}_2 \quad \sqrt{s_1^2 + s_2^2} \quad n_1 \quad n_2
\]

The test criteria are:

Reject $H_0$ if $|t| > \frac{w_1 t_1 + w_2 t_2}{w_1 + w_2}$

\[
w_1 = \frac{s_1^2}{n_1} \quad w_2 = \frac{s_2^2}{n_2} \quad t_1 = t_{(1-\alpha \times n_1 - 1)} \quad t_2 = t_{(1-\alpha \times n_2 - 1)}
\]

Or reject $H_0$ if the probability value (p-value) $< 0.05$

- If the data is not normal berdistribusi so formula used Mann-Whitney test with the following formula:

\[
z = \frac{U - \mu_U}{\sigma_U}
\]

Keterangan:

\[
U = n_1 n_2 + \frac{n_1(n_1 - 1)}{2} - R_2
\]

\[
\mu_U = \frac{n_1 n_2}{2} \quad \text{dan} \quad \sigma_U = \sqrt{\frac{n_1 n_2(n_1 + n_2 + 1)}{12}}
\]

(Cooper & Schindler, 2006:664)

Kriteria pengujian adalah:

Tolak $H_0$ jika $|z| > z_{\alpha}$

Atau tolak $H_0$ jika nilai probabilitas (nilai-p) $< 0.05$

To test the second hypothesis is used the following formula:

- If the data is normally berdistribusi $t$ test formula used is:

\[
t = \frac{D}{S_p \sqrt{n}}
\]
\[
\bar{D} = \frac{\sum D}{n}, \quad S_0 = \sqrt{\frac{\sum D^2 - (\sum D)^2}{n(n-1)}}
\]

\(D\) = Beda rata-rata (mean difference)  
\(S_0\) = Deviasi standar (standar deviation)  
(Cooper & Schindler, 2006:514)

The test criteria are:
1. If the data is not normal so berdistribusi formula used Wilcoxon signed rank test with the following formula:
   \[
z = \frac{T - \mu_T}{\sigma_T}
   \]
   Description:
   \(T\) = number of rank to the smallest signal
   \[\mu_T = \frac{n(n+1)}{4}\] dan \[\sigma_T = \sqrt{\frac{n(n+1)(2n+1)}{24}}\]
   (Cooper & Schindler, 2006:667)
   The test criteria are:
   | Reject Ho if \(|z| > \alpha|\) |
   | Or reject Ho if the probability value (p-value) <0.05 |

2. If the data berdistribusi both normal and variances homogeneous groups the t test formula used is:
   \[
t = \frac{\bar{x}_1 - \bar{x}_2}{s \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}
   \]
   \[s^2 = \frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}\]
   (Cooper & Schindler, 2006:510)
   The test criteria are:
   | Reject Ho if \(t > \text{obtained from the distribution}\alpha|/2\) |
   | Or reject Ho if the probability value (p-value) <0.05 |

3. If the data are normal but the variance berdistribusi two groups are not homogeneous then the t test formula used is:
   \[
t' = \frac{\bar{x}_1 - \bar{x}_2}{s' \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}
   \]
   Test of criteria is :  
1. Reject Ho if \(|t'| > \text{obtained from the distribution}\alpha|/2\) |
   | Or reject Ho if the probability value (p-value) <0.05 |
Reject Ho if $|t| > \frac{w_1 t_1 + w_2 t_2}{w_1 + w_2}$

$$w_1 = \frac{s_1^2}{n_1}, \quad w_2 = \frac{s_2^2}{n_2}$$

$$t_1 = t_{(1-\alpha)(n_1-1)}, \quad t_2 = t_{(1-\alpha)(n_2-1)}$$

Or reject Ho if the probability value (p-value) <0.05

- If the data is not normal so berdistribusi formula used Mann-Whitney test with the following formula:

$$z = \frac{U - \mu_U}{\sigma_U}$$

Keterangan:

$$U = n_1 n_2 + \frac{n_2 (n_2 - 1)}{2} - R_2$$

$$\mu_U = \frac{n_1 n_2}{2} \text{ dan } \sigma_U = \sqrt{\frac{n_1 n_2 (n_1 + n_2 + 1)}{12}}$$

(Cooper & Schindler, 2006:664)

The test criteria are:

$|z| > \alpha z$

Or reject Ho if the probability value (p-value) <0.05

Conclusion

1. The results of the test (nonparametric test) showed that there was no significant difference in the reaction of investors (the stock return and trading volume activity) five days after social disclosure between companies that are relatively expressed by a relatively firm did not reveal.

2. The results of the test (t test) showed that there was no significant increase in the reaction of investors (stock returns) and trading volume activity) five days before the five days of social disclosure, either on a relatively firm or the company revealed a relatively non-revealing. And test results (nonparametric test) showed that there is no significant increase in investor reaction (trading volume activity) five days before the five days of social disclosure, either on a relatively firm or the company revealed a relatively non-revealing.

3. The results of the test (t test) showed that there was no significant difference in reaction to changes in investor (stock returns) and trading volume activity) after social disclosure between companies that are relatively expressed by a relatively firm did not disclose. Nonparametric uni and the result showed that there was no significant difference in the change of investor reaction (trading volume activity) after social disclosure between companies that are relatively expressed by a relatively firm did not disclose.

It is concluded that the stock return and trading volume activity changed not because of disclosures of social responsibility and the environment because the expressed and not expressed by the market did not react. It means changing the stock return due to other factors that come from corporate profit growth, Indonesian macroeconomic conditions, economic or political turmoil Indonesian capital market conditions. The same conclusion for the testing of each theme disclosure.
(environmental theme, the theme of the employees, products and themes themes community) is not providing a significant difference between the company relative to the company revealed that the relative did not reveal.

This provides evidence that the information contained in the 2006 annual report has not been used optimally by the investors in making investment decisions. This caused the company to be not interested in doing social and environmental disclosure whereas according to the Law No.40 of 2007 regarding Limited Liability Company to a company that conducts business in the field and / or relating to natural resources must fulfill its social responsibility and the environment.

References


Edwin Mirfazli 1 and Nurdiono. 2007. Evaluation of Social Responsibility Disclosure in Corporate


Theoretical Accounting. 2002. Tinjauan Social (Social Accounting) and application in Indonesia. Jakarta: Trisakti LPFE Univ.


Martha Fani Cahyandito & Ebinger. 2005. The Effectiveness of Sustainability Reporting: is it only
about the report's design and contact? Sustainability Reporting Concept and Experiences. The ICFAI University Press: India.


Mulyana Melvie.2006., Influence corporate Against Corporate Social Responsibility Image.


Y and Ludovicus Sayeki S.W.2007. The influence of CSR Disclosure Response To Earning Coefficient. SNA X.


The relation between performance based budgeting and activity based budgeting

Hamidreza vakilifard
Mehdi zeynali**
Rahmatollah mohammadipour***

Abstract:
As a result of development in governments’ responsibilities and increase in governmental expenses, expenditure control has lose its importance and a need in planning improvement, control and management of public resources was arisen. Our objective is implementation of performance based budgeting and discuss about its relation with activity based budgeting. The research method is field study that researcher gathers data by the means of observation, document analysis and interview. The findings of this research are activity based budgeting based performances based budgeting model. For increasing efficiency, effectiveness and economy of this system, we need a suitable cost management system. in result we apply activity based budgeting in this model. The results of this article can be useful to ease the implementation and reduce problems.

Key words: budgeting, performance, performance based budgeting (PBB), activity based budgeting (ABB).