



## Corporate Social Responsibility Practices in Indonesia: The Role of Board Diversity and Corporate Governance

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### ABSTRACT

This study aims to determine the effect of board diversity and corporate governance on corporate social responsibility in consumer non-cyclical companies listed on the Indonesia Stock Exchange. This study uses a purposive sampling method in the consumer non-cyclical companies listed on the Indonesia Stock Exchange, which generated 80 companies or 259 company-year observations during 2019-2021. Testing the research hypothesis in this study using panel data regression model analysis. The analysis techniques carried out in this study are descriptive statistical tests (heteroscedasticity test and autocorrelation test) and hypothesis testing. Based on the results of the three preliminary tests in determining the panel data regression model, this study uses a fixed effect regression model to test the relationship between variables in the regression model. The analysis results prove that gender diversity of directors and audit committees has a positive effect on corporate social responsibility. Meanwhile, the educational background of directors and independent commissioners has no effect on corporate social responsibility. In addition, the nationality diversity of directors has a negative effect on corporate social responsibility.

## **INTRODUCTION**

The more companies and industries that carry out business activities, the greater the development of business activities in a country. The establishment of a company can help increase economic growth and social welfare (Nanda dan Rismayani, 2019) In this era of globalization, companies are required to be able to compete healthily and competitively so that they are superior to other companies, can achieve company goals in the long term, and of course, can contribute to the national economy. (Olivia Oktavia, 2020). Based on the Sustainable Development Goals approach (development goals), economic development is carried out in the social context of society within the scope of ecosystems of natural resources and the environment (Alisjahbana & Murniningtyas, 2018).

The creation of sustainable development can be supported by the existence of a CSR program as a corporate commitment through environmental harmony (Kurnia et al., 2020). Environmental harmony is a demand for today's industrial paradigm that every business actor must carry out. Every business actor must be responsible and manage environmental conditions optimally because the company's responsibility is not only related to the economic and social sectors but also must cover the environmental sector. Reporting and disclosure of accountability information by companies are included in a Corporate Social Responsibility (CSR) (Tubastuvi et al., 2020).

Therefore, it is important to implement sustainable development in a CSR program in a company to achieve the expected welfare, so it can be assumed that CSR and sustainable development (SDGs) can correlate well, especially since sustainable development (SDGs) can help CSR map and identify problems experienced by companies on a large scale (Rezza, 2019).

The company is starting to make efforts to make Corporate Social Responsibility (CSR) a corporate sustainability strategy. In order to be able to report on the forms of realization of their sustainability strategy, many companies in Indonesia use the GRI Standard Guidelines to prepare their Sustainability Report (Breliastiti & Mulia, 2021). Companies on the Indonesia Stock Exchange are grouped into 12 sectors, one of which is consumer non-cyclical.

The CSR program is mandatory, but cases of low CSR disclosure still occur frequently. Cases of low CSR disclosure were also found at PT Siantar Top in Bekasi, which was considered to be quite troubling for residents of the Bojong Rawalumbu and Bojong Menteng Sub-Districts because the company dumped waste carelessly into the river, causing it to stagnate and turn blackish green with a pungent odor (Dipasti & Sulistyowati, 2022). Corporate social responsibility is not only about the survival and preservation of nature but also the welfare of workers, society, and the community at large, as well as the comfort and safety of products or services. Implementation of CSR is a form of company concern for the surrounding environment. By implementing CSR, it will increase the company's reputation and image in the eyes of the public (Suryandari & Monga, 2020). Therefore, researchers are interested in examining the factors that influence the disclosure of corporate social responsibility,

including the diversity of the board of directors as seen from the diversity of education of the board of directors, the gender diversity of directors, the diversity of nationality of directors, and corporate governance as seen from the presence of commissioners independent and audit committees.

One of the parties that plays an important role in managing the company is the company's board of directors because of its ability to control the company (Innayah (Innayah & Cinintya Pratama, 2019). The role of the board of directors in managing the company can be done through the corporate social responsibility disclosure mechanism. One issue regarding the role of the board of directors is the diversity of its members. According to Carter et al. (2010), diversity on the board of directors brings unique information that can help make better decisions, including in CSR disclosure. Based on the stakeholder theory, the board of directors is the main control mechanism within the company and is responsible for a wider group of stakeholders Kathy Rao et al. (2012), one of which is the disclosure of corporate social responsibility. In this study, the diversity of the board can be seen from the diversity of the educational background of the directors, the gender of the directors, and the nationality of the directors.

Corporate governance is demonstrated by the existence of an independent board of commissioners and an audit committee. In the limited liability company law, it is explained that the independent commissioners and audit committees contained in the guidelines for good corporate governance are appointed by outsiders (Anggraeni, 2020). According to Sunarsih & Nurhikmah (2017), the board of commissioners independent function is to place the company's interests above other interests. An independent commissioner is someone who is not affiliated in any way with the controlling shareholder, has no affiliation with the board of directors or with the board of commissioners, and does not serve as a director in a company related to the owner's company (Fadillah, 2017). Based on OJK Regulation (2018), the number of independent commissioners must represent at least 30% of the total number of commissioners.

Based on the above background, this study aims to examine the effect of the diversity of the board of directors (educational background of the board of directors, gender of the board of directors, and board of directors' nationality) and corporate governance (independent board of commissioners and audit committee) on disclosure of corporate social responsibility. This study develops research conducted by (Farida, 2020), that examines the influence of diversity of directors on CSR in banking companies in Indonesia. The development carried out is to add corporate governance variables as seen from the existence of an independent board of commissioners and an audit committee due to the results of previous research, which are still inconclusive regarding the impact of both on CSR (Jensen & Meckling, 1976). So researchers are interested in re-examining the influence of the diversity of directors and corporate governance on CSR by using research settings in non-cyclical consumer sector companies during the 2017-2021 period.

## LITERATURE REVIEW

### *Stakeholder Theory*

Stakeholder theory is related to business ethics and strategic management in managing organizations (Freeman, 1994). Stakeholder theory suggests that the board of directors is the main control mechanism within the company and is accountable to a wider group of stakeholders so as to create good economic performance (Rao & Tilt, 2016). Companies that make a large contribution to social responsibility activities are able to promote a good image to stakeholders and the public at large, thus showing that the company has a good image and cares (Luo et al., 2017).

### *Agency Theory*

Agency theory is a relationship based on a contract that occurs between members of a company, namely between the owner and the agent as the main actor (Jensen & Meckling, 1976). Agency theory states that the emergence of agency costs can occur when the interests of the principal and agent are out of sync in a company (Bintang & Indah, 2021). Alignment of interests between principals and agents can be a solution to minimize conflicts. Agency theory explains that company management is an agent of shareholders and stakeholders who act as principals (Sari, 2021).

### *The Influence of the Diversity of the Board of Directors on Corporate Social Responsibility*

According to Innayah et al. (2023), the diversity of directors can increase team effectiveness due to their range of experience and expertise. Researchers argue that the diversity of human capital in directors that makes these resources special will influence company actions, one of which is CSR disclosure. Based on the stakeholder theory, the board of directors is the main control mechanism within the company and is responsible for a wider group of stakeholders (Kathy Rao et al., 2012), one of which is the disclosure of corporate social responsibility.

The educational background of the directors assists the directors in forming mindsets, making decisions, formulating audits, and mapping the company's CSR disclosures. This is in line with the stakeholder theory that the public interest in corporate business is emphasized in stakeholder theory because business and society cannot be separated (Freeman & Dmytriyev, 2020). The level of education shows the extent to which the level of competence possessed by individuals in carrying out their work varies Hadya & Susanto (2018), the education of the board of directors has a positive effect on the amount of corporate social responsibility disclosure. However, in their research, Forbes & Milliken (1999), Pajaria & Widiyanti (2016), and Farida (2020) found that the educational background of directors has no effect on corporate social responsibility. Based on the explanation above, the hypothesis proposed by the researcher is as follows:

**H1: The effect of educational background on the Board of Directors has a positive effect on Corporate Social Responsibility**

A phenomenon in the 2000s known as the 'glass ceiling' stated that there were obstacles that could not be found for women to occupy higher positions at the highest level in companies (Innayah, Fuad, et al., 2021), which required women to have additional competencies to get director positions in (Innayah & Cinintya Pratama, 2019). Hilman et al. (2000) demonstrated that diversity in management can provide quality and diverse resources for the company. In addition, diversity has the potential to provide input and ideas because of the presence of more varied information due to the diversity of directions. (Innayah, Pratama, et al., 2021). The active involvement of women on the board of directors can contribute to setting goals and disclosing corporate social responsibility (Septianingsih & Muslih, 2019).

Research conducted by Ayu Indriyani & Sudaryati (2020), Septianingsih & Muslih (2019), Tasya Cheisvianny (2019), and Hadya & Susanto (2018) shows that the gender diversity of the board of directors can make companies better disclose their CSR. In addition, research conducted by Zhuang et al. (2018) and Muttakin et al. (2015) shows that the gender diversity of the board of directors has no effect on the disclosure of corporate social responsibility. Based on the explanation above, the hypothesis proposed by the researcher is as follows:

**H2: The influence of the Gender Board of Directors has a positive effect on Corporate social responsibility.**

It is hoped that the diversity of nationalities in view of foreign directors will provide added value to the company because they provide input, experience, and ideas that are more diverse (Setiawan et al., 2018). This is in line with stakeholder theory, which states that the success of a company will greatly depend on the company's ability to balance the various interests of stakeholders (Napitu & Siregar, 2021). Research conducted by Ibrahim & Hanefah (2016) and Wijayani, (2013) regarding the impact of the presence of foreign directors on corporate social responsibility reporting shows that the gender of the board of directors has a positive effect on CSR. However, based on gender research by Hadya & Susanto (2018), the board of directors has no effect on corporate social responsibility. Based on the explanation above, the hypothesis proposed by the researcher is as follows:

**H3: The Nationality of the Directors has a positive effect on Corporate social responsibility**

### *The Influence of Corporate Governance on Corporate Social Responsibility*

Corporate social responsibility is seen through the independent board of commissioners and the audit committee. The implementation of corporate governance and the implementation of corporate social responsibility are two things that cannot be separated. This has led to quite a number of studies linking corporate governance and disclosure of corporate social responsibility (Susanto & Joshua, 2019). Based on agency theory, Putu et al. (2013) explain that the independent Board of Commissioners functions to supervise various activities carried out by the company's management.

The independent board of commissioners plays an important role in a company, namely providing tighter control over management and introducing information disclosure, especially in the implementation of corporate social responsibility in a company (Anggraeni, 2020). Based on the description above, the research is supported by Mohammadi et al. (2021), (Eriandani & Kuswanto, 2016), and Anggraeni (2020). While research from Restu et al. (2017), Fallah & Mojarrad (2019), and Siregar (2017) states that independent commissioners have no effect on disclosure of corporate social responsibility. Based on the explanation above, the hypothesis proposed by the researcher is as follows:

**H4: The Independent Board of Commissioners has a positive effect on Corporate social responsibility**

The Indonesian Audit Committee Association (IKAI) defines the audit committee as an independent committee that works professionally. This audit committee was formed by the board of commissioners to carry out the oversight function of the risk management financial reporting process, conducting audits, and implementing corporate governance within the company (Effendi, 2016). The greater the number of audit committees, the greater the disclosure of social responsibility in the company (Rivandi & Putra, 2021). This research is in line with Anggraeni (2020), Kennardi et al. (2021), and (Rivandi et al., 2019), which state that the audit committee has a positive effect on corporate social responsibility. While research from Rivandi & Putra (2021), Apriyanti & Yuliandhari (2018), and Mujiyanti & Afianto (2019) states that the audit committee has no effect on the disclosure of corporate social responsibility. Based on the explanation above, the hypothesis proposed by the researcher is as follows:

**H5: Audit Committee Has a Positive Influence on Corporate Social Responsibility**

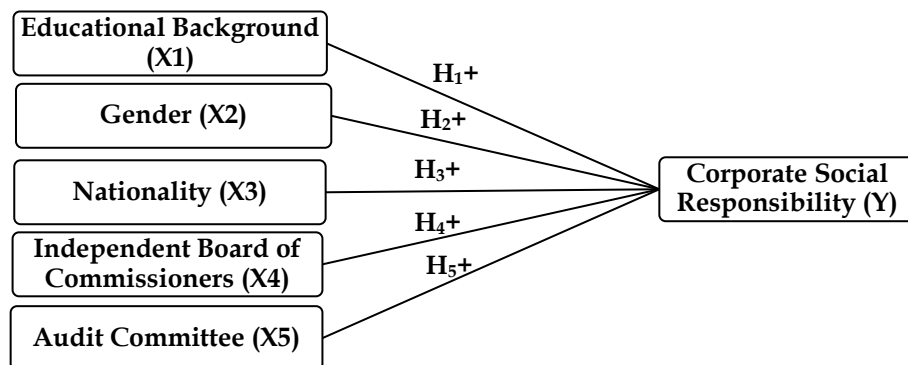


Figure 1. Research Model

**METHODOLOGY**

The population in this study was conducted in Primary Consumer Goods Sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2021 The criteria used:

1. Primary consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) in the 2017-2021 period.

2. Companies in the Primary Consumer Goods Sector that are listed on the Indonesian Stock Exchange other than Cigarettes and Alcoholic Beverages.
3. Companies in the Primary Consumer Goods Sector that are listed on the Indonesia Stock Exchange (IDX) and have complete data regarding the variables needed in this study during the 2017-2021 period.

### **Definition of Operational Variables**

#### ***Corporate Social Responsibility***

The responsibility of business people to have ethical behavior and contribute to economic development for employees, society, and local communities (Simaremare & Gaol, 2018)

$$CSR_i = \frac{\sum X_{yi}}{n_i}$$

CSR measurement uses GRI D4 (Global Standards Initiative) indicators, there are 91 CSR variable indicators.

#### **Educational background**

The level of education shows the extent to which the level of competence possessed by individuals in carrying out their work (Hadya & Susanto, 2018).

$$Edu = \frac{\text{Number of Directors of Economic and Business Education}}{\text{Number of Board Members}}$$

#### **Gender**

Gender Differences in human sex or self-identity that distinguish individual status in society (Rahindayati, 2017). Companies that have gender directors in their ranks are given a value of 1 (one) and if they do not have a value of 0 (zero) (Na & Hong, 2017), (Gracia et al., 2017), and (razak & hilmy, 2020)

#### **Nationality**

The birthplace of every individual (M. Rahindayati et al., 2015). Citizens from Indonesia = 0 citizens from outside Indonesia = 1.

#### **I**

#### **Independent Board of Commissioners**

Independent commissioners are included in the board of commissioners who have the function of overseeing the company and providing opinions to the directors (Eriandani & Kuswanto, 2016)

$$\text{Independent} = \frac{\text{Number of Independent Commissioners}}{\text{The total number of committees}}$$

#### **Audit Committee**

The audit committee is a member composed by the board of commissioners whose job is to assist the board of commissioners in carrying out their duties and functions in supervising the company's activities (Anggraeni, 2020).

$$\text{Audit} = \text{Number of Audit Committee}$$

Panel data analysis was used to examine the relationship between board tenure and gender composition of female directors on risk disclosure, with

institutional ownership as a moderating variable. Panel data analysis consists of the OLS (ordinary least squares) model regression, the FE model (Fixed effect), and the RE model (Random Effect) (N. Gujarati & C. Porter, 2009). In this study, the Breusch and Pagan Lagrangian Multiplier test was used to test the ordinary least squares regression model versus the random effect regression model. Meanwhile, the Chow test was used to test the ordinary least squares model versus the fixed effect model, and the Hausman test was used to find the most suitable panel data regression model between the fixed effect model and the random effect model.

This study uses the equation below to examine the effect of the educational background of directors, gender composition of women's board of directors, foreign board of directors, independent board of commissioners and audit committee on corporate social responsibility.

$$CSR = \alpha + \beta_1 Edu + \beta_2 Gender + \beta_3 Nationality + \beta_4 Independent + \beta_5 Audit + \varepsilon$$

Information:

CSR	: Social Responsibility ( <i>Corporate social responsibility</i> )
$\beta$	: Regression Coefficient
Edu	: Educational Background of the Board of Directors
Gender	: Gender Composition of the Board of Directors of Women
Nationality	: Foreign Directors
Independent	: Independent Board of Commissioners
Audit	: Audit Committee
$\varepsilon$	: Error

## RESULT

### Descriptive statistics

**Table 1. Descriptive statistics**

Variables	Means	std. Dev.	Min	Max
CSR	0.3588031	0.0683337	0.16	0.48
Edu	0.3721622	0.1927141	0.07	1
Gender	0.4749035	0.5003366	0	1
Nationality	0.3590734	0.4806576	0	1
Independent	0.4064093	0.113673	0.2	1
Audit	3.019305	0.4263759	1	5

Source: Data Processing StataMP 17

Based on the descriptive analysis table above, the CSR (corporate social responsibility) variable has a mean value of 0.3588031, meaning that the level of corporate social responsibility disclosure presented by Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange for the 2017–2021 period is 35%. On average, consumer non-cyclical companies in Indonesia have disclosed 32 items of corporate social responsibility out of a total of 91 items of corporate social responsibility disclosure indicators. This shows that consumer non-cyclical companies, as defined in Law No. 40 of 2007 concerning limited

liability companies in Indonesia, are good enough to comply with IDX regulations, which require companies to disclose CSR.

Furthermore, the Edu variable (Educational Background) has a mean value of 0.3721622, meaning that the average director with an MBA educational background in a non-cyclical company is 37.21%, or about two people out of an average total of five directors. On the other hand, the average gender value of the board of directors is 0.4749035; that is, the average gender of the board of directors who serve in non-cyclical companies is quite good, namely 47%, or around three people out of an average total of five directors for a 5-year period. 2017-2021. The national directors have a mean value of 0.3590734; this means that the number of directors of foreign nationality who serve in non-cyclical companies has an average value of 35.90%, or as many as two people.

The independent board of commissioners variable has a mean value of 0.4064093, meaning that the average value of the independent commissioners who serve in non-cyclical companies in 2017–2021 is 40.64%, or as many as two to three people. This shows that several non-cyclical consumer companies have complied with regulations related to the minimum number of independent commissioners based on OJK regulations, namely the Audit Committee, which consists of at least three (three) members from Independent Commissioners and parties from outside Issuers or Public Companies. The average audit committee is in the range of 3 and shows that the distribution of audit committees is even, indicated by a standard deviation of 0.4263759 and lower than the mean value, with the highest number of audit committees being 5 people.

### Preliminary Tests

#### *Breusch and Pagan Lagrangian Multiplier test*

Testing *the Fixed effect model* was carried out by the *Chow Test* (Pratama et al., 2022). Based on the results of the *chow test* that has been carried out, a summary of the results is shown in table 2 below:

**Table 2. Chow test**

	Model 1
F	F(59, 194) 17.23
Prob > F	0.0000

Source: Data Processing StataMP 1 7

Based on table 4, the chow test value in the chi-square statistic in model 1 is 17.23 with a probability value of 0.0000. These results show significance ( $p < 0.05$ ). Consequently, the null hypothesis is rejected at the 5% significance level. The results of this study indicate that the ordinary least square model is not suitable for testing the effect of the independent variables, namely the educational background of the board of directors, gender of the board of directors, nationality of the board of directors, independent board of commissioners and audit committee. These results indicate that *the fixed effects* are more appropriate, and can be used to measure the appropriate model 1.

**Table 3. Breusch and Pagan lagrangian**

	Model
Chibar2(01)	274.43
Prob > Chibar2	0.0000

Source: Data Processing StataMP 1 7

The Breusch and Pagan Lagrangian Multiplier test in model 1 is 274.43 with a probability value of 0.0000. These results show significance ( $p < 0.05$ ). As a result, the null hypothesis is rejected at the 5% significance level. The results showed that the ordinary least squares model was not suitable for testing the effect of the independent variables, namely the educational background of the board of directors, the gender of the board of directors, the nationality of the board of directors, the independent board of commissioners, and the audit committee. These results indicate that the random effects model is more appropriate.

**Table 4. Hausman test**

	Model 1
Chi2	19.85
Prob > Chi2	0.0013

Source: Data Processing StataMP 1 7

Table 4 shows that the value of Hausman model 1 is 19.85 with a probability value of 0.0013. These results show significance ( $p < 0.05$ ). Therefore, the null hypothesis is rejected at the 5% significance level. The results of the Hausman test determine that the fixed effects model is more suitable for use in this study. Based on the three tests above, this study will use model 1 to examine the relationship between the educational background variables of the directors and the gender of the board of directors.

### Hypothesis test

**Table 5. Heteroscedasticity and Serial Correlation Test Result**

	Model
<b>Full Sample</b>	
<b>Heteroscedasticity</b>	
Chi2	290,000
Pros > Chi2	0.0000
<b>Serial Correlation</b>	
F	20,003
Prob > F	0.0000

Source: Data Processing StataMP 1 7

The results of this study used the *fixed effect model* to test heteroscedasticity and serial correlation diagnostics. The results of the heteroscedasticity test in model 1 with a value of 1 with a prob value > Chi 2 of 0.0000 means that in model 1 there are symptoms of heteroscedasticity. The

results of the sSerial Correlation test on model 1 with a prob value > F of 0.0000 means that model 1 has symptoms of serial correlation.

Based on the feasibility test of the model that has been carried out, the feasibility test model is the best of *the fixed effect models* and *random effect models* which are both the best, so the researchers decided after looking at the two regression tests, so the researchers chose *the fixed effect model*. Based on the results of the *t-statistical* test that has been carried out, a summary of the results is shown in table 6 below:

**Table 6. Hypothesis Testing Results**

<b>Independent Variable</b>	<b>Dependent Variables CSR</b>
const	0.3189239 (8.54)*
Edu	0.0082939 (0.47)
Gender	0.033583 (2.93)*
Nationality	- 0.0601548 ( -5.43)*
Independent	-0.0104341 (-0.73)
Audit	0.0154619 (4.73)*
R-squared within	0.09
F	15.00
Prob > F	0.00

Note: \*5% significance

Source: Data Processing StataMP 1 7

### **The result of Hypotheses 1**

Based on the results of testing hypothesis 1 that there is a relationship between the educational background variable and the disclosure of *corporate social responsibility*. With a coefficient of 0.0082939 at a significant level of 5%. This proves that the educational background variable of the directors has no effect on the disclosure of *corporate social responsibility*.

### **The result of Hypotheses 2**

Based on the results of testing the second hypothesis using the Gender of directors variable, a coefficient value of 0.033583 is obtained at a significant level of 5%. This proves that the number of female directors has the opportunity and ability to disclose CSR information. So that hypothesis 2 states that there is a positive effect of the gender of female directors on CSR disclosure.

### **The result of Hypotheses 3**

Based on the results of testing the third hypothesis using the nationality variable of directors, a coefficient value of -0.0601548 is obtained which indicates the low diversity of foreign directors on the board of directors, namely 6%. This proves that the Nationality variable has a negative effect on the disclosure of *corporate social responsibility*.

### **The result of Hypotheses 4**

Based on the results of the fourth test using the Independent Board of Commissioners variable, a coefficient value of -0.0104341 is obtained which states that the Independent Board of Commissioners variable has no effect on the disclosure of *corporate social responsibility*.

### **The result of Hypotheses 5**

Based on the results of the fifth test using the audit committee variable, it shows a coefficient of 0.0154619 which states that the audit committee variable has a positive effect on *corporate social responsibility disclosure*.

## **DISCUSSION**

### ***The Effect of Diversity of directors on Corporate Social Responsibility***

Based on the results of Hypothesis 1 testing, it shows that the educational background of the directors has no effect on the extent of disclosure of corporate social responsibility. When members of the board of directors have a high level of education, it will have a positive influence on individual concerns related to ethics in carrying out social responsibility. This means that highly educated boards of directors will pay more attention to ethical issues. According to Zhuang et al. (2018), many studies have shown that boards of directors with high academic degrees tend to have a high level of concern for disclosure of corporate social responsibility compared to boards of directors with a lower level of education. The results of this study are in line with Farida (2020) and Pajaria & Widiyanti (2016), which state that the educational background of directors has no effect on corporate disclosure. social responsibility.

Based on the results of testing Hypothesis 2, it shows that gender has a positive effect on the company's disclosure of corporate social responsibility. These results can be interpreted as indicating that companies that have a certain percentage of women on the board are able to carry out corporate social responsibility disclosures properly. The women's board of directors contributes to assessing and disclosing CSR to high-profile companies on the Indonesian stock exchange. In accordance with the theory Robbins & Judge (2008), women

generally have more detailed thoughts related to decision-making analysis. Before making decisions, they tend to analyze problems to consider them and find better alternative solutions. The results of this study are in line with research that has been conducted by Eriandani & Kuswanto (2016), Barka & Dardour (2015), and Muttakin et al. (2015), (Innayah et al., 2020) which states that the gender of the board of directors has a positive effect on corporate social responsibility.

Based on the results of testing Hypothesis 3, it shows that the nationality of the directors has a negative effect on the disclosure of corporate social responsibility in high-profile companies on the Indonesian stock exchange. These results can be interpreted as indicating that the nationality of directors with Indonesian Nationality has no effect on increasing or decreasing disclosure of corporate social responsibility. According to Masulis et al. (2011), the statement of the directors is difficult to coordinate, so the company will have a greater probability of presenting inaccurate financial reports. Masulis et al. (2011) stated that foreign directors tended to be less familiar with the countries in which they worked and thus were less familiar with management methods. This will affect their decision-making, including CSR disclosure. The results of this study are in line with research conducted by Garcia-Sanchez et al. (2014), Fuente et al. (2017), and Setiawan et al. (2018), which states that the Nationality of foreign directors has no effect on disclosure of corporate social responsibility.

#### *The Effect of Corporate Governance on Corporate Social Responsibility*

Based on hypothesis testing 4, it appears that the board of independent commissioners has no effect on the disclosure of corporate social responsibility. Corporate social responsibility program decision-making requires limited authority, so even though the proportion of independent commissioners is fairly high, they do not have sufficient authority to participate in designing CSR programs.

Dewi & Keni (2013) explains that the large proportion of independent commissioners does not have a significant effect on the disclosure of corporate social responsibility because the independent commissioners have weak competence, even though their competence plays an important role in decision-making. It is not only the proportion of independent commissioners that is considered but also knowledge and educational background so as to improve the quality of decision-making at the commissioner level related to corporate social responsibility. The results of this study are in line with Purbopangestu & Subowo (2014), Restu et al. (2017), Fallah & Mojarrad (2019), and Siregar (2017), which state that the independent commissioner only has the power to oversee the company's operations to meet predetermined company goals, including the goal of adding value to the company.

Based on hypothesis testing, 5 shows that the audit committee has a positive effect on the disclosure of corporate social responsibility. One of the

functions of the audit committee is to ensure that the company's internal control system is running well (KNKG, 2006). With a good internal control system, the company's internal organs are integrated so that they can overcome problems related to agents. When agency problems in companies can be minimized, information related to social values needed by investors can be fully disclosed, so that the research results are relevant to agency theory (Anggraeni, 2020). This research is in line with Anggraeni (2020), Kennardi et al. (2021), And Rivandi et al. (2019), which state that the audit committee has a positive effect on corporate social responsibility.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the results of this study, it can be concluded that 1) Educational background has no effect on corporate social responsibility. 2) The gender of directors has a positive effect on corporate social responsibility. 3) The Nationality of the directors has a negative effect on corporate social responsibility. 4) The board of independent commissioners has no effect on corporate social responsibility. 5) The audit committee has a positive effect on corporate social responsibility.

## FURTHER STUDY

The researcher realizes that the results of the research conducted in this study still have a number of weaknesses caused by the limitations found by the researcher. Future researchers are advised to 1) increase the number of samples by using all manufacturing companies, 2) researchers extend the sampling period, 3) add variables that also affect Corporate Social Responsibility Disclosures that have not been used at this time, financial performance, ownership structure and corporate governance.

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