

THE EFFECT OF COMMISSIONERS BOARD SIZE AND COMMITTEE BOARD SIZE ON DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Submission date: 17-Mar-2021 02:40AM (UTC-0700)

Submission ID: 1535256010

File name: 3174-Article_Text-6267-1-10-20190322.pdf (440.68K)

Word count: 6419

Character count: 35528

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THE EFFECT OF COMMISSIONERS BOARD SIZE AND COMMITTEE BOARD SIZE ON DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Diterima: 21 Desember 2019; Direvisi: 4 Januari 2019; Disetujui: 15 Januari 2019

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ABSTRACT

This study aims to analyze the effect of board size and committees size to corporate social responsibility through financial performance. The sample used in this study is secondary data of companies listed LQ-45 Index in 2013-2017 and determined using a purposive sampling method. The data about research variables are available in the financial report. The data analysis method is using path analysis. The results were showed that the size of commissioners board to corporate social responsibility was significant positive, size of committees to corporate social responsibility was significant positive relationship, size of commissioners board to financial performance was significant positive relationship, size of committees to financial performance was relationship positive significant, financial performance to corporate social responsibility shows a significant positive relationship.

Keywords: *commissioners board size, committees board size, financial performance, corporate social responsibility*

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh ukuran dewan komisaris dan ukuran dewan komite terhadap pengungkapan *corporate social responsibility* melalui kinerja keuangan. Sampel yang digunakan dalam penelitian ini menggunakan data sekunder perusahaan yang terdaftar di Index LQ-45 tahun 2013-2017 dan ditentukan dengan menggunakan metode *purposive sampling*. Data-data tentang variabel penelitian yang diperlukan tersedia dalam laporan keuangan. Metode analisis data yang digunakan adalah analisis jalur. Hasil penelitian menunjukkan ukuran dewan komisaris terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan, ukuran dewan komite terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan, ukuran dewan komisaris terhadap Kinerja Keuangan menunjukkan hubungan yang positif signifikan, ukuran dewan komite terhadap Kinerja Keuangan menunjukkan hubungan yang positif signifikan, kinerja keuangan terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan.

Kata Kunci: *ukuran dewan komisaris, ukuran dewan komite, corporate social responsibility, kinerja keuangan*

INTRODUCTION

The capital market has a very important role for companies outside the banking sector. This is related to the two functions which carried out by the capital market, namely the function of the economy and financial functions. The role of the capital market in economic functions is as a liaison between the provider of funds (investors) with users of funds (issuers or companies going public). Whereas the role of the capital market in financial functions is indicated by parties who have excess funds can invest in the hope of getting a return (return), and then the company can use the funds as a support for the company's operations. According to Sawir (2005), a capital market is a place for companies to collect the capital by offering stock to the public.

The companies which listed on the stock exchange generally get higher demands from the investors to make information disclosure widely. The need for this information cannot be fulfilled only with mandatory disclosures, but companies also need to disclose more information in a social responsible manner. Through disclosure of social responsibility, management can demonstrate the performance of the company and provide information that is appropriate for users (Subroto; 2004).

According to Subroto (2004), one of the important issues in the capital market is about disclosure of financial statements that are always changing along with the development of

the capital market. This disclosure is important because the financial statements are one of the main information in achieving capital market efficiency and it is a means of public accounting. Subroto (2004), also states that disclosures in financial reporting have an important meaning in making investment decisions. According to Wulandari and Atmini (2012), disclosure is needed by investors, because with the disclosure, the risk of the information that is faced will be reduced. The reduced of the risk of the information can increase the security for investors to invest in certain public company securities, Wulandari and Atmini (2012).

One of the fundamental information published by the company is the disclosure of corporate social responsibility (Corporate Social Responsibility) in the annual report as a company's commitment to contribute positively to environmental, social and community activities. The importance of Corporate Social Responsibility (CSR), get a great attention from the government and companies in Indonesia. Disclosure of information about social responsibility by the company aims to get more value in making investment decisions or other business decisions made by investors, creditors, and other market participants. The willingness of companies to disclose social responsibility is also one of the ways that managers can do to increase the value and credibility of companies in public view (Huda and Heykal, 2006).

According to Hackston and Milne (1996), corporate social responsibility is often

called as corporate social reporting, social accounting, social disclosure or corporate social responsibility, is the process of communicating the social and environmental impacts of an organization's economic activities towards specific groups of interests and the society as a whole. According to Untung (2008), the main reason for social disclosures carried out in corporate responsibility is that investors can make an informed decision in making investment decisions. This is also done by the company to obtain an added value for the community around the company including the use of social resources.

Disclosure of Corporate Social Responsibility is measured by the Corporate Social Responsibility Disclosure Index (CSRDI) proxy based on the G4 version of the Global Reporting Initiatives (GRI). The GRI-G4 indicate the issued in 2013 which consists of six disclosures, namely economic, environmental, labor, human rights, community performance, and responsibility for products as a basis for sustainability. The law does not explain in detail how CSR is carried out and reported in the annual report so that the implementation of the company is impressed only to comply with regulations. In fact, investors appreciate CSR information disclosed in the company's annual report, which means that the number of investors can increase (Sayekti et al. ; 2008).

The implementation of good corporate governance is needed in order to build public and international trust as an absolute condition

for good and healthy business development efforts. Cadbury Report (1992), defines corporate governance as the principle that directs and controls the company in order to achieve a balance between the strength and authority of the company in providing accountability to particular shareholders and stakeholders in general. Shleifer and Vishny (1997), in Darmawati et al. (2005), interpreted corporate governance as ways that are used with the aim of giving confidence to suppliers of company funds so that companies will get a return on the funds they invest. The Forum for Corporate Governance in Indonesia (FCGI; 2002) defines corporate governance as a system that directs and controls a company.

The board of commissioners acts as the highest internal control mechanism and it is collectively responsible for supervising and providing input to directors and ensuring that the company has implemented good corporate governance based on applicable rules (KNKG, 2006). Limited Liability Company Law Number 40 of 2007 Article 97, states that the board of commissioners is in charge of overseeing the board of directors' policies in running the company and providing advice to the board of directors. Deviations made by the board of directors can be investigated by the board of commissioners through an evaluation of various types of periodic reports received from the board of directors to ensure that any actions are not in accordance with the policies set by the company. One factor that shows the effectiveness and efficiency of an organization in

order to achieve its objectives is financial performance (Pertiwi and Pratama, 2010). The effectiveness of an organization can be realized if the management has the ability to choose the right tool to achieve the stated goals. While efficiency is interpreted as a ratio (ratio) between input and output, where the company expects optimal output for the business activities it runs.

The company's financial performance does not always describe a positive trend, therefore measurement of financial performance is needed by analyzing the company's financial statements using existing financial ratios. Ridwan and Barlian (2003), revealed that financial performance information is needed to assess potential changes in economic resources that are possible to be controlled in the future and to predict the production capacity of existing resources. The results of financial report analysis are needed by the management of the company as a basis for making decisions regarding the survival of a company. Ratio analysis based on the company's financial report data can provide benefits including knowing the financial results that have been achieved by the company in the past and can know the weaknesses that the company has and the results are considered good enough for the company (Ridwan and Barlian; 2003). The results of measuring the performance of financial ratios can be used as the basis for the company's management in making decisions related to reward, punishment, and improving performance in the next period and it can cre-

ate corporate value for its stakeholders.

Fatimah et al. (2016), through his research proved that the audit committee has an influence on disclosure of corporate social responsibility. The existence of an audit committee acts as one of the corporate governance mechanisms that can affect the disclosure of social responsibility in the company's annual report.

Research conducted by ¹Othman et al. (2009), which examined the *Determinants of Islamic Social Reporting Among Top Sharia-Approved Companies in Bursa Malaysia* showed that the size of the company, profitability and the size of the Muslim board of directors had a significant effect on disclosure of Corporate Social Responsibility and industry types that did not significantly influence Corporate Social Responsibility disclosure.

Research conducted by Khoirudin (2013), which examines Corporate Governance and Disclosure of Islamic Social Reporting in Islamic Banking in Indonesia shows that the size of the board of commissioners and the size of the sharia supervisory board simultaneously have a positive effect on Corporate Social disclosure Responsibility of Islamic banking in Indonesia.

Formulation of the problem

Based on the background above, the main problem can be formulated from this research, namely:

1. Does the commissioners board size have

- a significant effect on the disclosure of Corporate Social Responsibility (CSR) on companies listed on the Indonesia Stock Exchange LQ-45 index for the 2013-2017 period?
2. Does the committee board size have a significant effect on the disclosure of Corporate Social Responsibility (CSR) on companies listed on the Indonesia Stock Exchange LQ-45 index for the 2013-2017 period?
 3. Does the commissioners board size have a significant effect on Financial Performance in companies listed on the Indonesia Stock Exchange LQ-45 Period 2013-2017?
 4. Does the board committee size have a significant effect on Financial Performance in companies listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period?
 5. Does Financial Performance have a significant effect on the disclosure of Corporate Social Responsibility (CSR) in companies listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period?

RESEARCH METHODS

Types of research

This research is explanatory research that aims to obtain clarity of phenomena that occur in the empirical world (real world) and try to get answers (verificative) in order to explain

the causal relationship between the research variables through data analysis in order to test the hypothesis. The quantitative approach is used during the testing research theory through data analysis with statistical procedures.

Types and Data Sources

The type of data used in this study is secondary data, namely data obtained through a review of several kinds of literature relating to the issues raised and from relevant theoretical references (books, bulletins, journals, magazines, newspapers, and websites). While the data used in this study is secondary data in the form of annual reports issued by companies and registered on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period. The annual financial report originates from the Indonesia Stock Exchange website (www.idx.co.id) and the company's website which is the research sample.

Research Population and Samples

The population used in this study are companies from various business sectors listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period. The purposive sampling method is the process of selecting samples used in this study. Purposive sampling is a sampling technique using certain considerations that are adjusted to the criteria set by the researcher. The sample in this study was determined by the following criteria:

1. Companies listed in the Indonesia Stock Exchange LQ-45 Index for the 2013-2017

Period.

2. Companies that have never been delisted from the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 Period.
3. Data about the required research variables are available in full in the annual report published.
4. Companies that use the Rupiah reporting currency. The reason for choosing samples with the above criteria is to avoid the bias caused by extreme differences.

Data analysis method

This path analysis is used to analyze the causal relationship between variables and hypothesis test in this study. By using path analysis, estimation of causal influences between variables will be carried out and the position of each variable in the path directly or indirectly. If there is a path that is not significant then the trimming theory is applied. This theory is done by removing or deleting paths that are not significant. The significance of the model can be seen from the beta coefficient (β) which is significant for the pathway (Akdon & Riduwan, 2007). The path diagram and path

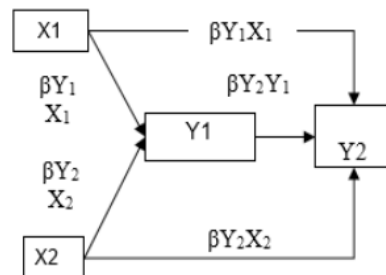


Figure 1. Path Analysis Model

Caption:

$\beta_{Y_1X_1}$ = Path coefficient influence X_1 to Y_1

$\beta_{Y_1X_2}$ = Path coefficient influence X_2 to Y_1

$\beta_{Y_2X_1}$ = Path coefficient influence X_1 to Y_2

$\beta_{Y_2X_2}$ = Path coefficient influence X_2 to Y_2

$\beta_{Y_1X_2}$ = Path coefficient influence Y_1 to Y_2

Calculating Path

Path calculation is used to explain the effect of earning assets, temporary syirkah funds, and liabilities. The influence of the three variables can directly or indirectly affect the financial performance of the company. If the calculated path is not significant, then the trimming theory is carried out. If you already done the trimming theory, next is recalculate each of the path coefficients. The path analysis model (Akdon & Riduwan, 2007) will be explained as follows :

a. Trimming Model Path Analysis

Trimming theory is a model used to correct a path analysis structure model by removing from the exogenous (independent) variable model which path coefficient is not significant (Akdon & Riduwan, 2007). The steps of path analysis testing with the trimming model are as follows (Akdon & Riduwan, 2007):

1. Formulate structural equations
2. Calculate the path coefficient based on the regression coefficient
 - a) Make complete path diagram images

- b) Calculating the regression coefficients for the sub-structures that have been formulated
3. Calculate the path coefficient simultaneously (overall).
4. Count individually
5. Test the compatibility between path analysis models
6. Summarizes the table
7. Interpretation and conclusion
- b. **Pathway Analysis of Decomposition Models**

✓ Direct Effect

1. Effect of variable commissioners board size to Corporate Social Responsibility (CSR).

$$DEY_1X_1 = X_1 \rightarrow Y_1$$

2. Effect of variable committees board size to *Corporate Social Responsibility (CSR)*.

$$DEY_1X_2 = X_2 \rightarrow Y_1$$

3. Effect of variable commissioners board size to financial performance.

$$DEY_2X_1 = X_1 \rightarrow Y_2$$

4. Effect of variable board committees

size to financial performance.

$$DEY_2X_2 = X_2 \rightarrow Y_2$$

5. Effect of financial performance to Corporate Social Responsibility (CSR). $DEY_2Y_1 = Y_1 \rightarrow Y_2$

✓ Indirect Effect

1. Effect of variable commissioners board size to Corporate Social Responsibility (CSR) through financial performance.

$$IEY_2Y_1X_1 = X_1 \rightarrow Y_1 \rightarrow Y_2$$

2. Effect of variable committees board size to Corporate Social Responsibility (CSR) through financial performance.

$$IEY_2Y_1X_2 = X_2 \rightarrow Y_1 \rightarrow Y_2$$

RESULTS AND DISCUSSION

Description of Research Samples

The sample used in this study was selected using purposive sampling, which aims to obtain companies that were suitable for the purposed of the study. The sample criteria must be listed in the LQ45 Index in a row, the sample must also present the data needed in the study, in this case, the data regarding to the company's Corporate Social Responsibility activities and the company's financial performance data. Based on

the explanation above, the companies that were become samples in this study were:

Table 1. List of Companies Sampling the Indonesia Stock Exchange LQ45 Index

NO	COMPANY NAME	CODE
1	Astra Agro Lestari Tbk	AALI
2	Adaro Energy Tbk	ADRO
3	AKR Corporindo Tbk.	AKRA
4	Astra International Tbk	ASII
5	Alam Sutera Realty Tbk.	ASRI
6	Bank Central Asia Tbk.	BBCA
7	Bank Negara Indonesia Tbk. (Persero)	BBNI
8	Bank Rakyat Indonesia (Persero) Tbk.	BBRI
9	Bank Mandiri (Persero) Tbk.	BMRI
10	Global Mediacom Tbk.	BMTR
11	Bumi Serpong Damai Tbk.	BSDE
12	Gudang Garam Tbk.	GGRM
13	Indofood CBP Sukses Makmur Tbk	ICBP
14	Indofood Sukses Makmur Tbk.	INDF
15	Indocement Tunggal Prakasa Tbk.	INTP
16	Jasa Marga (Persero) Tbk.	JSMR
17	Kalbe Farma Tbk	KLBF
18	Lippo Karawaci Tbk.	LPKR
19	PP London Sumatera Tbk.	LSIP
20	Media Nusantara Citra Tbk.	MNCN
21	Tambang Batubara Bukit Asam	PTBA
22	Telekomunikasi Indonesia (Persero) Tbk.	TLKM
23	United Tractors Tbk.	UNTR
24	Unilever Indonesia Tbk.	UNVR

source: appendix (author processed, 2018)

Path Analysis

Path analysis is used to analyze the causal relationship between variables and hypothesis test

in this study mathematically. The results of the path analysis were presented in the figure as follows:

Table 2. Path Analysis Result

Standard Path	1 Beta	Sig	A	Evidence
X1 Z	0,281	0,004	0,05	Significant
X2 Z	0,224	0,018	0,05	Significant
X1 Y	0,228	0,009	0,05	Significant
X2 Y	0,184	0,028	0,05	Significant
Z Y	0,177	0,030	0,05	Significant

source: appendix

Based on the Table 2, to analyze the first path, it could be explained that the Commissioners Board Size (X1) with Financial Performance (Z) has a significant influence. This could be known with the results of a significant value which was 0.004 smaller than $\alpha = 0.05$. The second path between the Committee Board Size (X2) and Financial Performance (Z) has a significant effect which was equal to 0.018 smaller than $\alpha = 0.05$. The third path between Commissioners Board Size (X1) and Corporate Social Responsibility (Y) has a significant effect that was equal to 0.009 smaller than $\alpha = 0.05$. The fourth path between the Committee Board Size (X2) and the Corporate Social Responsibility (Y) has a significant influence of 0.028, which was smaller than $\alpha = 0.05$. The fifth path between Financial Performance (Z) and Corporate Social Responsibility (Y) has a significant effect which was equal to 0.030. The results of path analysis can be seen in the following figure:

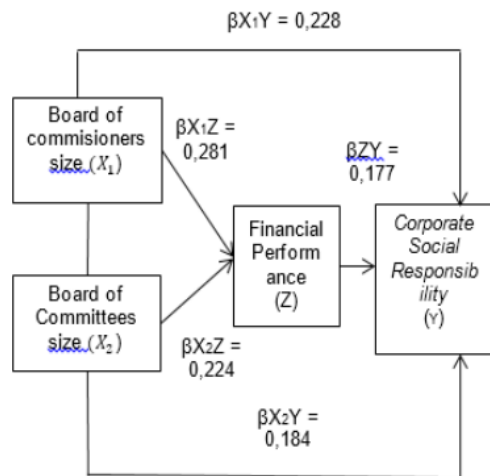


Figure 2. Path Analysis Model

Caption:

$\beta X_1 Z$: path coefficient direct effect size of board commissioners (X_1) to financial performance (Z)

$\beta X_2 Z$: path coefficient direct effect size of board committees (X_2) to financial performance (Z)

$\beta X_1 Y$: path coefficient direct effect size of board commissioners (X_1) to Corporate Social Responsibility (Y)

$\beta X_2 Y$: path coefficient direct effect size of the board of committees (X_2) to Corporate Social Responsibility (Y)

βZY : path coefficient direct effect financial performance (Z) to Corporate Social Responsibility (Y)

The path coefficient was calculated by making a structural equation, namely a regression equation that shows the relationship. The path analysis model in the equation was as follows:

$$Z = 0,021 + 0,281X_1Z + 0,224X_2Z + \dots \dots \dots \text{(formula 1)}$$

$$Y = 0,044 + 0,228X_1Y + 0,184X_2Y + 0,177ZY + \dots \dots \dots \text{(formula 2)}$$

Caption:

Y = Corporate Social Responsibility

X_1 = size of board commissioners

X_2 = size of board committees

Z = financial performance

= coefficient of the independent variable

$\epsilon_{1,2}$ = residual variable

The results of the path coefficient structural equation The Effect of Commissioners Board Size and Committees Board Size on Corporate Social Responsibility Through Financial Performance cannot be interpreted before classic assumption tests were carried out in order to be free from multicollinearity, heteroscedasticity and fulfill the assumption of model normality.

Calculating Paths

Path calculation was used to explain the influence of Commissioners Board Size variable (X_1), Committee Board Size (X_2) on Corporate Social Responsibility (Y) through Financial Performance (Z). Each pathway must be tested for significance first. If after testing there was a path that was not significant, a trimming method was needed. Based on Figure 1 the test results for calculating the path coefficient:

a. Direct Effect

- 1) The direct effect of commissioners board size to financial performance was 28,1%
- 2) The direct effect of committees board size to financial performance was 22,4%
- 3) The direct effect of commissioners board size to Corporate Social Responsibility was 22,8%
- 4) The direct effect of committees board size to Corporate Social Responsibility was 18,4%
- 5) The direct effect of variable Corporate Social Responsibility to financial performance was 17,7%

b. Indirect Effect

- 1) Indirect effect of commissioners board size through financial performance to Corporate Social Responsibility $(0,281 \times 0,177) = 0,049$ or 4,9%
- 2) Indirect effect of committees board size through financial performance to Corporate Social Responsibility $(0,224 \times 0,177) = 0,039$ or 3,9%

c. Total Effect

- 1) Total effect : $Y \rightarrow X1 \rightarrow Z \rightarrow Y$, $0,228 + 0,049 = 0,277$ or 27,7%
- 2) Total effect: $Y \rightarrow X2 \rightarrow Z \rightarrow Y$, $0,184 + 0,039 = 0,223$ or 22,3%

Hypothesis Test

t Test

According to Ghazali (2013), statistical tests are used to determine the ability of each variable. This test considers the other independent variables constant and uses a significance level of 0.05 ($\alpha = 5\%$). The following t test hypothesis test results:

Table 3. T Test Result

Hypothesis	A	Sig
1	0,05	0,004
2	0,05	0,018
3	0,05	0,009
4	0,05	0,028
5	0,05	0,030

Source: Appendix

Based on Table 3, hypothesis t-test shows the following results:

a. Effect of Commissioners Board size to Corporate Social Responsibility

Based on the Table 3, it can be seen that the level of significance (α) variable of the Commissioners Board size (X1) was 0.004 < 0.05. This means that the Commissioners Board size has a significant effect on Corporate Social Responsibility (H1 accepted).

b. Effect of Committees Board Size to Corporate Social Responsibility

Based on the Table 3, it can be seen that the significance level (α) variable of the Committee Board Size (X2) was 0.018 < 0.05. This means that the Commissioners Board size has a significant effect on Corporate Social Responsibility (H2 was accepted).

c. Effect of Commissioners Board Size to Financial Performance

Based on the Table 3, it can be seen that the level of significance (α) variable of the Commissioners Board size (X1) was 0.009 < 0.05. This means that the Commissioners' Board size has a significant effect on Financial Performance (H3 was accepted).

d. Effect of Committees Board Size to Financial Performance

Based on the Table 3, it can be seen that the significance level (α) variable of the Committee Board Size (X2) is 0.028 < 0.05. This means that the Commissioners Board size has a significant effect on Financial Performance (H4 is accepted).

e. Effect of Financial Performance to Corporate Social Responsibility

Based on the Table 3 it can be seen that the significance level (α) of the Financial Performance variable was 0.030 < 0.05. This means that Financial Performance has a significant effect on Corporate Social Responsibility (H5 is accepted).

Discussion

Effect of Commissioners Board Size on Corporate Social Responsibility

The results of path analysis on the t-test of the first hypothesis (H1) can be seen in Table 3 that the Commissioners Board size has an effect on the Corporate Social Responsibility by looking at its significance level of 0.004. The relationship shown

by the regression coefficient was positive, meaning that the Commissioners Board size increase, the Corporate Social Responsibility will increase (H1 accepted).

The board of commissioners was a representative of the shareholders of a company that was incorporated as a limited liability company and functions as a management supervisor. According to KNKG (2006), the board of commissioners has the authority to regulate and monitor the highest internal control mechanisms and it was collectively responsible for supervising and providing input to the directors and ensuring that the company implements GCG properly.

A strong influence can be given by the board of commissioners by pressing the management to disclose their social information extensively in order to realize corporate accountability. The greater of commissioners board size, better supervision will be made by the management of the company. Good supervision was expected to expand the disclosure of Corporate Social Responsibility (CSR) in meeting stakeholders' information needs and to minimize information that can be hidden by company management. The support of these stakeholders helps the company to maintain the survival of the company.

The results of this study were in line with previous research conducted by Khoirudin (2013), which states that the Commissioners Board size has a positive effect on Corporate Social Responsibility. So it can be concluded that the Commissioners Board Size has a significant positive effect on Corporate Social Responsibility.

Effect of Committees Board Size on Corporate Social Responsibility

² The results of path analysis on the t-test of the second hypothesis (H2) can be seen in Table 3 that the Committee Board Size influences the Corporate Social Responsibility by looking at the significance level of 0.018. The relationship shown by the regression coefficient was positive, meaning that the Commissioners board size increase, Corporate Social Responsibility will be increased (H2 is accepted).

As one of the corporate governance mechanisms, the audit committee can influence the disclosure of corporate social responsibility. The audit committee was a committee that has the role of assisting the commissioner or supervisory board in ensuring the effectiveness of the internal control system and the implementation of tasks from internal and external auditors (Alijoyo and Zaini, 2004). The task of the audit committee was to review the company's compliance with the applicable laws and regulations in the field of capital markets and other regulations relating to company activities and to provide independent and professional opinions on aspects of compliance, control, risk management from internal audit activities and external (Alijoyo and Zaini, 2004). The company sought to focus on participating in implementing the principles of good corporate governance as a form of accountability to the community and shareholders.

Fatimah et al. (2016), through her research proved that the audit committee has an influence on disclosure of corporate social responsibility. The existence of an audit committee acts as one of the corporate governance mechanisms that can affect the disclosure of social responsibility in the company's annual report. Corporate social responsibility was not only aimed at improving company performance but also increasing the trust

of all stakeholders and changes in ethical issues for the management of the company.

Based on agency theory, principals will try to find information and provide intensive to ensure agent responsibility for company ownership. The audit committee that was responsible for financial statements, corporate governance, and corporate supervision was expected to be able to meet the information needs of the principal. Principles measure the level of results obtained from an agent's business based on the information obtained. The agency costs incurred by the company can be reduced along with the tight supervision carried out by the audit committee.

The results of this study were in line with previous research conducted by Fatimah et al. (2016), which state that the Committee Board Size has a positive effect on Corporate Social Responsibility So it can be concluded that the Size of the Board of Commissioners has a positive influence on Corporate Social Responsibility.

Effect of Commissioners Board Size on Financial Performance

² The results of the path analysis in the t-test for the third hypothesis (H3) can be seen in Table 3 that the Commissioners Board size has an effect on Financial Performance by looking at the significance level of 0.009. The relationship shown by the regression coefficient was positive, meaning that the Commissioners Board size increase, the Financial Performance will increase (H3 is accepted).

The board of commissioners was a representative of the shareholders of a company that was incorporated as a limited liability company and its function as a management

supervisor. According to KNKG (2006), the board of commissioners has the authority to regulate and monitor the highest internal control mechanisms and it was collectively responsible for supervising and providing input to the directors and ensuring that the company implements GCG properly.

A strong influence can be given by the board of commissioners by pressing the management to disclose their social information extensively in order to realize corporate accountability. The results of this study were in line with previous research conducted by Khoirudin (2013), which states that the Commissioners Board size has a positive effect on Corporate Social Responsibility. So it can be concluded that Commissioners Board size has a positive effect on Corporate Social Responsibility.

Effect of Committees Board Size on Financial Performance

The results of path analysis on the t-test of the fourth hypothesis (H4) can be seen in Table 3 that the Commissioners Board size influences Financial Performance by looking at the significance level of 0.028. The relationship shown by the regression coefficient was positive, means that the Commissioners Board size increase, Financial Performance will increase (H4 is accepted).

The audit committee was a committee that has the role of assisting the commissioner or supervisory board in ensuring the effectiveness of the internal control system and the implementation of tasks from internal and external auditors (Alijoyo and Zaini; 2004). The task of the audit committee was to review the company's compliance with the prevailing laws and regulations in the field of capital markets and other regulations relating to company activities and to provide independent and

professional opinions on aspects of compliance, control, risk management from internal audit activities and external (Alijoyo and Zaini; 2004).

Based on agency theory, principals will try to find information and provide intensive to ensure agent responsibility for company ownership. The audit committee that was responsible for financial statements, corporate governance, and corporate supervision was expected to be able to meet the information needs of the principal. The Principal will measure the level of results obtained from the agent's business based on the information obtained. The agency costs incurred by the company can be reduced along with the tight supervision carried out by the audit committee.

The results of this study were in line with previous research conducted by Fatimah et al. (2016), which state that the Committee Board Size has a positive effect on Financial Performance. So it can be concluded that the Commissioners Board Size has a positive effect on Financial Performance.

Effect of Financial Performance on Corporate Social Responsibility

The results of path analysis on the t-test of the fifth hypothesis (H5) can be seen in Table 3 that Financial Performance has an effect on Corporate Social Responsibility by looking at the significance level of 0.030. The relationship shown by the regression coefficient was positive, meaning that the Financial Performance increase, Corporate Social Responsibility will increase (H5 is accepted).

Haniffa and Cooke (2005), state that a positive relationship between profitability and broader social disclosure can be seen from the increasing number of benefits obtained by

a company. High profitability illustrates that companies can bear higher costs for disclosing extensive information on social responsibility reports. Companies were encouraged to disclose more detailed information in their annual reports in order to reduce political costs and show the company's financial performance to the public if the company has high profits so that it has full power to implement a policy.

The term profitability was commonly referred to as economic performance in several studies. Profitability can be measured using several methods, including profit margin, return on assets (ROA), return on equity (ROE), and payout ratio (Brealey et al .; 2008). The higher the level of profitability of the company, the greater the disclosure of Corporate Social Responsibility (CSR) conducted by the company. In line with the theory of stakeholders, which states that a company was not an entity that only operates for its own sake but must be able to provide benefits to its stakeholders.

² The results of this study were in line with previous studies conducted by Othman et al (2009) which states that Financial Performance has a positive effect on Corporate Social Responsibility. So it can be concluded that Financial Performance has a positive effect on Corporate Social Responsibility.

² CONCLUSION

Based on the results of the analysis and discussion that the researcher has explained, it can be concluded as follows:

- ² 1. The results of testing the path analysis on the effect Commissioners Board Size on Corporate Social Responsibility show

a significant positive relationship. This proves that the good size of the Board of Commissioners will increase Corporate Social Responsibility (H₁ Accepted).

2. The results of testing the path analysis on the effect of Commissioners Board Size on Corporate Social Responsibility show a significant positive relationship. This proves that a good Committee Board Size will improve Corporate Social Responsibility (H₂ Accepted)
- ² 3. The results of testing the path analysis on the effect of Commissioners Board Size on Financial Performance show a significant positive relationship. This proves that a good of Commissioners Board Size will improve Financial Performance (H₃ Accepted)
4. The results of testing the path analysis for the influence of Commissioners Board Size on Financial Performance show a significant positive relationship. This proves that a good of Board Committee Size will improve Financial Performance (H₄ Accepted).
5. The results of testing the path analysis on the effect of Financial Performance on Corporate Social Responsibility show a significant positive relationship. This proves that a good of financial performance will improve Corporate Social Responsibility (H₅ Accepted)

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