

The Effect of Elements Good Corporate Governance on Disclosure of Corporate Social Responsibility: Study of the Indonesian Kompas 100 Indexed Companies

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Abstract

Original Research Article

The purpose of this study was to determine the effect of the elements of Good Corporate Governance on the extent of disclosure of Corporate Social Responsibility. The principles of good corporate governance are measured using five variables, namely Shareholder Rights, Board of Directors, Outside Directors, Audit Committee and Internal Auditors, and Disclosure to Investors. The study population is Indonesia Kompas 100 indexed companies registered in the Indonesian securities company in 2016-2017. The results of the study show that the GCG elements of the Audit Committee and Internal Auditor have significant negative effects on the extent of disclosure of corporate social responsibility. Whereas Rights Shareholders, the Board of Directors, Outside Directors, and Disclosure to Investors do not have a significant effect on the extent of disclosure of corporate social responsibility to Indonesian Kompas 100 indexed companies.

Keywords: GCG, CSR, Shareholder Rights, Board of Directors, Outside Directors, Audit Committee and Internal Auditor, Disclosure to Investors.

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INTRODUCTION

Good Corporate Governance and Corporate Social Responsibility are two interconnected phenomena. The company must improve the company's compliance with the law and develop its policies in the context of implementing CSR activities. According to Jallo, *et al.* [1] Disclosure of CSR is no longer voluntary by companies in their activity accounts, but it is an obligation for companies to implement or implement it. Amalia [2] explains Law No. 40 of 2007 article 66 paragraph 2 part C explains that in addition to conveying corporate responsibility in the form of financial statements, companies are also required to report their social and environmental responsibility activities. Sholihin & Harnovinsah [3] said the Companies must comply with laws and regulations and carry out responsibilities to the community and the environment so that business continuity can be maintained in the long run. The CSR program here can build harmonious relationships and effective communication between the company and the surrounding community. This CSR is in line with one of the principles of the four main principles of GCG, namely responsibility.

Khoshbakht & Salteh on Fawzi [4] said the phenomenon of GCG first occurred in 1992, when

Cadbury issued a report emphasizing the importance of building a solid internal control system to deter illegal actions in the business market as a result of gripping financial problems the future of some well-known companies, such as WorldCom. However, this situation arouses regulators, researchers and practitioners to call on companies to disclose more items of voluntary disclosure, which is one of the main principles of corporate governance, Holder-Webb, *et al.* [5].

The Board of Commissioners is a supervisor in a company, while an independent commissioner is a balancing force in decision making from the board of commissioners. The role of the board of commissioners and independent commissioners is very important and requires full commitment from these two things in determining the success of the GCG implementation. Another important and controversial issue regarding corporate governance is the structure of share ownership associated with improving company performance. The possibility of a company being in a position of financial pressure is also much influenced by the ownership structure of the company. The ownership structure explains the commitment of the owner to save the company.

According to Elvin *et al.* [6], the ownership structure of several researchers is believed to be able to influence the course of the company which ultimately affects the performance of the company in achieving company goals, namely maximizing the value of the company. This is due to the control they have. At present many large companies in Indonesia sell their shares to foreign investors, and become PMA (foreign-owned companies). This assumes a positive view that the sale will improve performance while at the same time creating healthier competition in Indonesia. Foreign ownership is the proportion of ordinary shares of companies owned by individuals, legal entities, governments and their overseas status. Foreign ownership in a company is a party that is considered concerned with increasing good corporate governance, Simerly & Li, Fauzi to Wiranata & Nugrahanti [7].

Akbar [8] said that implementation of good corporate governance will be achieved if there is a relationship between the elements related to the company both internal and external elements. The elements this research used in addition to the board of directors, independent board of commissioners, and the audit board and internal audit as internal elements, also measure external elements such as shareholder rights and investor disclosure. The disclosure of CSR as the implementation of GCG is also important to be applied as an effort to increase the value of the company, Ilmi, *et al.* [9].

This research was conducted on Indonesia Kompas 100 Indexed companies, where the stocks chosen to be included in the Kompas 100 indexed were in addition to having high liquidity, as well as a large market capitalization value which were also stocks that had fundamental and good performance. The stocks included in the Kompas 100 are estimated to represent around 70-80% of the total Rp1,582 trillion in market capitalization value of all shares listed on the IDX, so investors can see the trend of the direction of index movement by observing the movement of Kompas 100 indexed companies.

The purpose of this study was to determine the effect of GCG elements, namely Shareholder Rights, Boards of Directors, Outside Directors, Audit Committee and Internal Auditors, Disclosure to Investors and total GCG Score on disclosure of Corporate Social Responsibility. Hope as a consideration in making investment decisions as a basis for consideration in providing credit for the company.

LITERATURE REVIEW

Agency Theory

Jensen and Meckling [10] say agency relationship is a relationship between the two parties, where the principal is the agent and the agent acts as a representative of the principal in carrying out a transaction with another party. Therefore management

must account for all its efforts to shareholders. Based on the agency relationship, Good Corporate Governance (GCG) is a key company for long-term success in facing global competition, especially for companies that go public. The general guidelines issued by the National Committee on Governance Policy (KNKG) support the implementation of Corporate Governance in companies listed on the Indonesia Stock Exchange. The latest development of Corporate Governance in Indonesia is the issuance of the Indonesian Corporate Governance Roadmap in 2012.

The principle of GCG must be used as a reference to improve the planning of certain institutions or companies. For business actors and capital markets, this principle can be a guideline. In this study, the elements of corporate governance used are consistent with Black's *et al.* [11] research, namely the rights of shareholders, the Board of Directors, the Outside director, the Audit Committee and Internal Auditors, and Investor Disclosures.

Corporate Social Responsibility (CSR)

The World Business Council on Sustainable Development (WBCSD) in Amalia [2] states that CSR is a commitment from the company to implement behavioral ethics and contribute to sustainable economic development. According to the Global Reporting Initiative (GRI) the content of the analysis contained themes about disclosure of social responsibility, which consisted of: Economy, Environment, Employment, Human Rights, Society, and Product Responsibility.

CSR is the principle of good corporate governance for the community, Hartman, *et al.* to Fettry [14]. In various contexts, social responsibility is needed in the form of voluntary activities such as improving the environment, economy and social, as a result of various business activities and as a manifestation of the company's concern for stakeholders, Frynas [15].

In his book *Cannibals With Forks: Triple Bottom Line in 21st Century Business*, John Elkington 1998 on Martha [16], develops three important components of sustainable development, namely economic growth, environmental protection and social justice, initiated by the World Commission for the Environment and Development (WCED). Elkington proposed three company focuses, namely profit, planet and human. CSR with GCG has attention not only to profit but also has concern for environmental preservation (planet) and social welfare (people). Adequate profits will enable the company to be able to distribute dividends to shareholders and give enough reward to management and workers. CSR provides funds from operating profits for future business development. In addition, Strong ethical cultures produce substantially better outcomes (less pressure, less misconduct, higher reporting, and less retaliation)

than in a weaker ethical environment, Hartman, *et al.* to Fetry [14].

The standards for CSR disclosure that are developing in Indonesia refer to the standards applied by the GRI (global reporting initiative). Currently the latest version of the GRI is G4 which has been widely used by companies in Indonesia. GRI-G4 provides a globally relevant framework for standardized approaches in reporting that leads to transparent and consistent levels. In the GRI-G4 standard, performance indicators are divided into three main components, namely, economic performance indicators, environmental performance indicators, and social performance indicators. Social categories include labor (labor practices and decent work), human rights (human rights performance), society (Society), and product responsibility (product responsibility performance) (www.globalreporting.org).

HYPOTHESIS

Rights of shareholders to Disclosure CSR

The Rights of Shareholders as owners of capital have the rights and responsibilities of the company in accordance with the laws and regulations and the articles of association of the company. One of the rights and responsibilities of shareholders is to attend the GMS (General Meeting of Shareholders). The company should disclose prospective directors to shareholders at the General Meeting of Shareholders. The company should also use cumulative votes for the selection of directors. Cumulative voice is a standard rule under commercial codes, but companies can vote with the majority vote of shareholders. In the rights of shareholders, the company should hold a voting permit via e-mail and the company chooses a date with the shareholders so as not to overlap with other companies. In accordance with article 15 letter b of Law No. 25 of 2007 concerning Investment; it says that every investor is obliged to carry out corporate social responsibility.

H1: Rights of Shareholders has significant effect to disclosure CSR

Board of Director to Disclosure CSR

The Board of Directors should be a different person. Directors should attend at least 75% of meetings and companies hold four or more regular meetings for the board of directors per year. The position of the board of directors on the meeting agenda must be recorded in the minutes of the meeting. The company should also have a system for evaluating directors. The existence of a regulation to regulate board meetings, at least the company must disclose in its annual report. In addition to carrying out the board director principle well, its relationship with CSR disclosure is also stated in Article 4 paragraph (1) PP No. 47 of 2012 concerning the Social and Environmental Responsibilities of Limited Liability Companies.

H2: Board of director has significant effect to disclosure CSR

Outside Director to Disclosure CSR

Outside directors are appointed on board of commissioners as an independent oversight mechanism for board processes to reduce agency conflict and improve performance, Cravens & Wallace [12]. A company is required to have an Independent Commissioner, a member of the Board of Commissioners who does not have financial, management, share ownership and / or family relations with other members of the Board of Commissioners, members of the Board of Directors and / or controlling shareholders or relationships with the Company, which can affect his ability to act independently. The number of Independent Commissioners in the composition of the Board of Commissioners represents at least 30% of the number of Commissioners in the Board of Commissioners. But Black *et al.* [11] says at least the company has 50% of independent commissioners. Beasley in Nasution & Setyawan [13] said the board of commissioners coming from outside the company increased the effectiveness of the board in overseeing management to prevent fraudulent financial statements, because companies may not lend funds to independent commissioners. Outside Director has the function as an internal supervisor and advisor to the company director. So that the greater the outside director in a company, the more internal supervision within the company will be optimal. The composition of the outside director will determine company policies including the practice and disclosure of CSR

H3: Outside Director has significant effect to disclosure CSR

Audit Committee and Internal Auditor to Disclosure CSR

Audit Committee and Internal Auditor are committees formed by the Board of Commissioners in the framework to help carry out their duties and functions. The formation of the Audit Committee must be completed with an Audit Committee Charter signed by the President Commissioner and the President Director of the Company. The Chairperson and members of the Audit Committee are appointed and dismissed by the Board of Commissioners' Meeting. The Audit Committee members consist of at least 3 (three) people with a composition of 2 (two) Independent Commissioners and 1 (one) experienced expert in the field of audit and other necessary qualities. Audit Committee members from the Board of Commissioners of the Company act as Chair of the Audit Committee. (BAPEPAM Decree, No. Kep-29/PM/2004). The audit committee is responsible to the commissioner, and the internal audit is responsible to the director. The audit committee and internal audit recommend external audits at the General Meeting of

Shareholders, approve appointments from the head of internal audit, and meet with external auditors to review financial statements. The audit committee meets at least twice or more per year and should attend 75% of the meeting. Reports from the audit committee and internal audit activities are written on minutes of meetings and reported at the time of GMS.

H4: Audit Committee and Internal Audit has significant effect to disclosure CSR

Disclosure to Investors to Disclosure CSR

Disclosure to Investors is a company must take the initiative to disclose not only the problems required by legislation, but also the important thing to make decisions by shareholders, creditors, and other stakeholders. So that the need for disclosure for investors that can encourage the confidence of investors and creditors in determining the investment policy

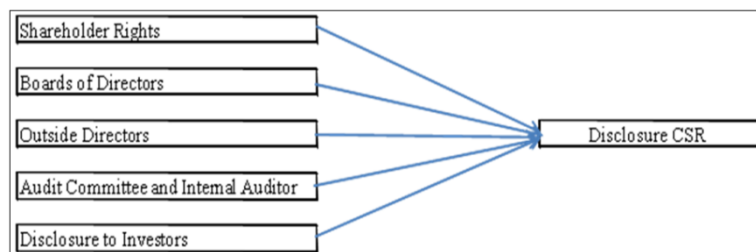
taken. Disclosure investor will determine company policies including the practice and disclosure of CSR

H5: Disclosure Investor has significant effect to disclosure CSR

GCG to Disclosure CSR

A high GCG score shows that the implementation of GCG is getting better in the company. If the GCG implementation is getting better, it will also have an impact on the high value of the company, because there is no risk of management to benefit him in other words management means that he has done what the principal wants. And a high GCG score is a company that has good corporate governance, can be seen in companies that carry out GCG principles correctly.

H6: GCG has significant effect to disclosure CSR



Picture-1: conceptual frame work

RESEARCH METHODS

Types of research

The type of research used is causal research which is explanatory research

Research Population and Samples

The study population is Indonesia Kompas 100 indexed companies on the Indonesia Stock Exchange in 2016-2017.

Variabel Operasional

Variabel dependen

The dependent variable of this study is CSR Disclosure. In this study using 91 indicators based on GRI-G4. a score of '1' on items in the SRG for information disclosed and a score of '0' for undisclosed information.

Variabel Independen

According to Black *et al.* [11], the GCG elements that become the research measure are as follows:

Shareholder Rights (subindex A)

A.1. the company uses cumulative votes for the selection of directors. Cumulative voice is a standard rule under the Commercial Code, but companies can opt out with a majority shareholder vote

A.2 The Company holds a voting permit via email

A.3 The Company chooses the date of the meeting with shareholders so that it does not overlap with other companies in the same industry, or choose the location of the meeting to encourage attendance

A.4 The Company discloses the prospective director to the shareholders before the shareholders meeting

A.4 Board approval is required for related party transactions. For companies included in the top 30chaebol, the Monopoly Regulation and the Fair Trade Act require this agreement if the size of the transaction is greater than 10% of equity capital

Boards of Directors (subindex B)

B.1 Directors attend at least 75% of meetings, (on average)

B.2 The position of the Board of Directors on the agenda of the board meeting is recorded on boards minutes

B.3 The CEO and board chairman are different people

B.4 A system for evaluating directors

B.5 There is a regulation for organizing board meetings. At least the company must disclose in their annual report whether they have / do not.

B.6 The Company holds four or more regular board meetings per year

Outside Directors (subindex C)

- C.1 At least the company has a 30% board of directors from outside
- C.2 The Company has an outside board of more than 30%
- C.3 The Company has 1 or more foreign directors
- C.4 The board of directors from outside does not receive a pension salary
- C.5 Outside directors can get advice from experts outside the company
- C.6 The Company has a system for evaluating outside directors or plans to have one (related to B.4)
- C.7 Shareholders agree to pay aggregate outside directors at shareholders' meetings.
- C.8 Outside directors attend at least 75% of meetings, (on average)
- C.9 The Company has a code of ethics for outside directors.
- C.10 The Company has been appointed contact person to support outside directors.
- C.11 There is a special board meeting for outside directors.
- C.12 Companies may not lend funds to independent commissioners

Audit Committee and Internal Auditor (subindex D)

- D.1 There is an audit of the board of directors.
- D.2 Ratio of outside directors on the audit committee: 1 if the ratio is more than 2/3 (legal minimum for companies that must have an audit committee), 0 otherwise.
- D.3 There is a Household budget that regulates the audit committee (or internal auditor)
- D.4 The Audit Committee includes someone with expertise in accounting
- D.5 The Audit Committee (or internal auditor) recommends an external auditor at the annual shareholder meeting.

- D.6 The Audit Committee (or internal auditor) approves the appointment of the head of the internal audit.
- D.7 Boards minutes write down for each audit committee meeting (internal auditor)
- D.8 Report on audit committee activities (or internal auditors) at the annual meeting of shareholders.
- D.9 Audit Committee members attend at least 75% of meetings, (on average)
- D.10 The Audit Committee (or internal auditor) meets with the external auditor to review financial statements.
- D.11 The Audit Committee meets twice or more per year

Disclosure to Investors (subindex E)

- E.1 The Company conducts investor relations activities in 2016 - 2017
- E.2 The Company's website includes resumes from board members.
- E.3 There is English language disclosure.

Analysis Method

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + \varepsilon$$

Keterangan:

Y = Pengungkapan CSR

X₁ = Shareholder Rights

X₂ = Boards of Directors

X₃ = Outside Directors

X₄ = Audit Committee and Internal Auditor

X₅ = Disclosure to Investors

X₆ = GCG Score

a = konstanta

ε = erroe term

RESULTS AND DISCUSSION

Results

Tabel-1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	70	.2308	1.0000	.482648	.1679855
ShareHolder	70	.4000	1.0000	.628571	.1745743
BoardDir	70	.5000	1.0000	.761905	.1222818
OutsideDir	70	.0769	.4615	.221978	.0903004
AudCom	70	.6364	1.0000	.922078	.1278977
DisclosureInvest	70	.3333	1.0000	.847619	.2318150
Total	70	.5595	.7944	.676430	.0599880
Valid N (listwise)	70				

Source: SPSS 22 data processing

The descriptive table shows the highest disclosure of CSR of 100% owned by PT Adaro Energy Tbk and the lowest of 23% owned by Pt Astra Argo Lestari Tbk. Overall companies listed on the Kompas 100 index have a broad average CSR rating of 48%. According to Article 74 paragraph (1) of Law No. 40 of 2007 concerning Limited Liability Companies, the Company that carries out its business activities in the field and / or relating to natural resources is obliged to implement Social and Environmental Responsibility. If this provision is not implemented, then sanctions will

be imposed in accordance with the laws and regulations. Ilmi *et al.* [9] said the financial services authority (OJK) has also issued rules requiring public companies to disclose CSR activities in the annual report, so that the number of companies performing CSR disclosure in its annual reports is increasing and the number and type of disclosure in CSR activities is increasing.

Overall the highest GCG disclosure of 79% is owned by Pt Gudang Garam Tbk and the lowest value

of 55% is owned by Pt Modernland Realty Tbk, while the average value of GCG (GCG score) of Kompas 100 indexed companies has a value of 67%. Looking at the GCG value, it cannot be interpreted that the GCG condition of the company is good or bad, because there is no standard of value that states what is good or bad value. But in this case what must be considered is that companies that have a score increase over time can be said that the company is trying to achieve better. Furthermore, different industry characteristics can provide different GCG results.

On average the GCG elements of the shareholder category disclosure have a value of 62%. This result says that the Kompas 100 indexed companies has run the shareholder principle well. In accordance with article 15 letter b of Law No. 25 of 2007 concerning Investment; it says that every investor is obliged to carry out corporate social responsibility. The explanation of this is the responsibility inherent in every investment company to continue to create harmonious, balanced, and in accordance with the environment, values, norms and culture of the local community.

The results in the descriptive table show that the average GCG element of the board director's disclosure has a value of 76%. In addition to carrying out the board director principle well, its relationship with CSR disclosure is also stated in Article 4 paragraph (1) PP No. 47 of 2012 concerning the Social and Environmental Responsibilities of Limited Liability Companies. This government regulation states that social and environmental responsibility is carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or GMS in accordance with the

Company's articles of association, unless otherwise specified in the legislation. So that it can be said that the Kompas 100 indexed companies has run the PP well.

Disclosure of the outside director element in the Kompas 100 indexed companies has an average value of 22%. Although the minimum value is 7%, it is hoped that the outside director can function as a supervisor and control function independently of the company. So that the greater the outside director in a company, the more internal supervision within the company will be optimal. The composition of the outside director will determine company policies including the practice and disclosure of CSR.

Disclosure of audit committee and internal audit elements shows that Indonesia Kompas 100 indexed companies has an average value of 92%. This value can be said that this company has developed effective communication between internal audit, external audit and audit committee,

Disclosure of the principle of disclosure of investors (investor disclosure) shows that Kompas 100 indexed companies has an average value of 84%. It can be said that investors believe in the company because the Kompas 100 indexed companies is a company besides having high liquidity, and a large market capitalization value is also stocks that have good fundamentals and performance. The stocks included in the Kompas 100 companies are estimated to represent around 70-80% of the total Rp1, 582 trillion in market capitalization value of all shares listed on the IDX, so investors can see the trend of the direction of index movement by observing the movement of the index of the Indonesia Kompas indexed 100 companies.

Table-2: Statistical Test Results

Model	B	Sig Uji t
Constant	1.243	
ShareHolder	-0.957	0.264
BoardDir	0.198	0.431
OutsideDirec	-0.545	0.107
AudCom	-0.545	0.019
DisclosureInvest	0.126	0.496
GCGScore	-0.578	0.377
<i>Dependent Variable: CSR</i>		
<i>Sig Uji F</i>	0.012	
<i>R Square</i>	0.177	
<i>Asymp. Sig. (2-tailed) Normalitas</i>	0.200	
<i>Source: SPSS 22 data processing</i>		

Based on the table of statistical test results obtained from the 5 principles of GCG measured to examine the effect on the extent of CSR disclosures obtained that the principle of shareholders, board directors, independent directors and disclosure of investors is not able to influence the extent of CSR disclosure in Indonesia Kompas 100 indexed companies. Likewise with the overall GCG total score

unable to influence the extent of CSR disclosure, while the audit committee and internal audit (Audit Committee and Internal Auditors) have a significant negative influence on the extent of CSR disclosure. It was concluded that Hypotheses 1, 2, 3, 5 and 6 were rejected, while hypothesis 4 could be accepted.

If seen from the R Square value, it can be said that the independent variable in predicting the broad dependent variable of CSR disclosure is 17.7%, while

the remaining 82.23% is influenced by other variables outside the research.

Analytical models

$$Y = 1.243 - 0.957\text{Sharehold} + 0.198\text{BoardDir} - 0.545\text{OutsideDir} - 0.545\text{AudCom} + 0.126\text{DisclosureInvest} - 0.578\text{GCGScore} + e$$

From the results above, it can be said that if there are no variables that influence it, the CSR value is 1,243. If there is an addition of 1 point from the shareholder variable, it will reduce the CSR value by 0.957. Then if there is an addition of 1 point from the variable board director of eating, it will increase the CSR value by 0.198. Then if there is an addition of 1 point from the variable outside director, it will reduce the CSR value by 0.545. If there is an additional 1 point from the Audit variable comitee and internal auditor, it will reduce the CSR value by 0.545. Then if there is an addition of 1 point from variable disclosure investors, it will increase the CSR value by 0.126 and if there is an addition of 1 point from the overall GCG Score variable, it will reduce the CSR value by 0.578.

DISCUSSION

The effect of Shareholder Rights on the broad disclosure of CSR

The t-test results obtained that the variable shareholders have an influence but are not significant to the extent of CSR disclosure in Kompas 100 companies. It can be said that the cumulative votes conducted in accordance with the standards under the commercial code in proposing candidate directors to shareholders at the General Meeting Shares (GMS) have no significant impact on the extent of CSR disclosure. Although in law, shareholders are obliged to carry out social responsibility, but it does not mean that it can influence the broad disclosure of CSR carried out by the company. This result is in accordance with Martha [16] who said that Indonesian investors still prioritize GCG indicators (commitment, competence, transparency, leadership, accountability, ability to work together, independence, vision, mission and corporate values, independence, morals and ethics, justice, and strategy) on the company, more than the company's commitment in carrying out CSR in determining the stock purchasing decision..

The effect of the Board of Directors on the broad disclosure of CSR

The t-test results obtained that the Board director has an effect but not significantly on the extent of CSR disclosure in Kompas 100 indexed companies. It can be said that the annual meetings of the board of directors only evaluate management, do not discuss CSR disclosures that need to be carried out by the company. Although according to the results of the descriptive test the board of directors of the Kompas 100 indexed companies has carried out social and environmental responsibilities in accordance with

Government Regulation No. 47 of 2012, but it does not mean that it can guarantee the extent of CSR disclosure carried out by the company. This result is in line with Amalia [2] who said that the Company should improve company compliance with the law and develop its policies in the context of implementing CSR activities.

The effect of the Outside Director on the broad disclosure of CSR

The t-test results obtained that the variables of the independent director have no significant effect on the extent of CSR disclosure in Kompas 100 indexed companies. It can be said that the independent commissioners appointed on the board of commissioners have the duty to actually only carry out independent supervision of the board process to reduce conflict agency and improve performance, do not provide input to disclose CSR. This result is consistent with Amalia [2] which resulted that the size of the board director and outside director did not have a significant effect on CSR disclosure.

The effect of the Audit Committee and Internal Audit on disclosure of CSR

The t-test results obtained that the variable audit committee and internal audit have a significant negative effect on the extent of CSR disclosure in Kompas 100 indexed companies. This can be said that the audit committee formed is tasked with helping the board of commissioners perform their duties and providing input for the growth of the company, one of which is CSR that must be carried out by the company and which must be reported to stakeholders. The meeting of the audit committee conducted at least 2 times a year is carried out effectively. This result is in accordance with Destya [17] which results that the audit committee is the most influential variable on the disclosure of corporate CSR so that it can be said that there is a good relationship between corporate governance and CSR.

The Effects of Disclosure to Investors on disclosure of CSR.

The t-test results obtained that the variable disclosure to investors (Disclosure to Investors influences but is not significant to the extent of CSR disclosure in Kompas 100 indexed companies. It can be said that companies must take the initiative to disclose not only the problems required by legislation, but also the It is important to make decisions by shareholders, creditors, and other stakeholders, such as the extent of CSR disclosure. This result is consistent with Martha

[16] who said that Indonesian investors still prioritize GCG indicators (commitment, competence, transparency, leadership, accountability, the ability to cooperating, independence, vision, mission and corporate values, independence, morals and ethics, justice, and strategy) on company reports, more than the company's commitment in carrying out CSR, in determining the share of purchasing decisions..

The effect of GCG on broad disclosure of CSR

The t-test results obtained that the total GCG Score variable has no significant effect on the extent of CSR disclosure in Kompas 100 indexed companies. It can be said that there is still much debate over the relationship between corporate governance (GCG) and CSR both pro and contra. Martha [16] in her research entitled The Importance of Consolidating GCG and CSR While Pursuing Corporate Share Value, although the implementation of GCG (GCG index) in Indonesia is still low compared to other Asian countries, although GCG is considered as a form of corporate commitment, especially public companies which is listed on the Indonesia Stock Exchange, shows the responsibility and professionalism of work for all stakeholders but has not been able to give influence to the company in carrying out its social responsibility function.

CONCLUSION

CSR is a relatively new thing in Indonesia. Most investors have low perceptions and appreciation of CSR disclosures, this is because companies generally make CSR disclosures only as part of advertising and avoid providing relevant information. Therefore, it is not uncommon for companies to disclose good things and cover things that the company says do not benefit the company in its annual report, thus triggering the quality of CSR disclosures that are still considered by investors. From the discussion results we can draw conclusions as follows:

- The rights of shareholders have no significant effect on the extent of CSR disclosure in 100 indexed companies
- The board of directors (board director) has no significant effect on the extent of CSR disclosure in 100 indexed companies
- The outside director has no significant effect on the extent of CSR disclosure in 100 indexed companies
- The audit committee and internal audit (audit committee and internal audit) have a significant negative effect on the extent of CSR disclosure in 100 indexed companies
- Investor disclosure (disclosure investors) has no significant effect on the extent of CSR disclosure in 100 indexed companies.
- The overall GCG value (total GCG score) has no significant effect on the extent of CSR disclosure in 100 indexed companies.

Suggestion

- CSR in Indonesia has not become a thought and imbued together both by the company and for investors, in the future the company must pay more attention to the CSR elements in the rules.
- The variables of the GCG principles tested only have an effect of 17.7% so that there are still 72.7% influenced by other variables, then for further research it can add another GCG principle variable to see the effect on the extent of CSR disclosure and can add year of research.

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