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The Effect of Corporate Characteristics and Good Corporate Governance Mechanism on Corporate Social Responsibility Disclosure (An Empirical Study of Sharia Banking Public Sector Companies Registered in Financial Services Authority (OJK) for the Period of 2014-2018)

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Abstract:
Background*: This study examines the effect of company characteristics and good corporate governance mechanisms on the extent of corporate social responsibility (CSR) disclosure in the company annual reporting. The awareness of the importance of CSR disclosure is based on the premise that companies not only have economic and legal obligations to the shareholders, but also to other interested parties (stakeholders). This study aims to determine the effect of the company size, profitability, leverage, board size, and audit committee size on the disclosure of corporate social responsibility.*
Materials and Methods*: The data used in this study are secondary data in the form of annual reports. The population in this study is a banking sector public company registered in the Financial Services Authority (OJK) in the period of 2014 to 2018. In this study the sampling technique was determined using purposive sampling. The number of samples used in this study were 8 companies with observations for over 5 years and as many as 40 objects were selected. This study uses multiple linear regression analysis techniques with the help of SPSS version 26.*
Results*: By using multiple linear regression equations and F test or ANOVA test resulting in a significant level of 0,000 < 0.05, it can be concluded that company size, profitability, leverage, board size, and audit committee size simultaneously have a significant effect on disclosure of corporate social responsibility (CSR)*
Conclusion: *of this study indicate that partially the size of the company, profitability, leverage, and the size of the Audit committee does not affect the disclosure of corporate social responsibility, while the size of the Board of Commissioners influences the disclosure of corporate social responsibility. Simultaneously, the four independent variables (Size, ROA, DER, UDK, and UKA) influence the disclosure of corporate social responsibility (CSR).*
Key Word*: Company characteristics, GCG Mechanism for Corporate Social Responsibility Disclosure, SIZE, ROA, DER, board of commissioners' size and audit committee size.*

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I. Introduction

Bank Indonesia (2009) explained that in encouraging financially fit and proper sharia banking practices and performance which always refer to sharia principles, and protect the interests of stakeholders, sharia banks are expected to implement the principles of Good Corporate Governance (GCG). The implementation of Good Corporate Governance is not only the viability of sharia banks as financial institutions that develop with the principle of trust, but also the obligation of sharia microfinance institutions such as cooperatives and BMT (Baitul Maal wat Tanwil) that have the same core business; to also carry out the Good Corporate Governance as an institution.

The application of GCG in sharia banking can be carried out well with the existence of information disclosure, accountability, responsibility, independence, equality and fairness. Because the low governance will affect the competitiveness of some companies in a country and in aggregate, low competitiveness can also affect the competitiveness of the country itself. However, it is different from conventional banks in implementing the GCG, namely the fit and proper test, the independence of bank management, and the provisions for the director of propriety and the improvement of the audit function of public banks, GCG in a bank institution is very influential on bank performance, because better CGC means better the performance.

A research conducted by Endri and Pura (2011) explained that one of the objectives of implementing GCG in Sharia Commercial Banks is to increase the value of banks as a result of lower capital costs, to improve financial performance and to get better perceptions from stakeholders for future performance.

Problem formulation Based on the background of the problems above, the research problem formulation is:

1. How does profitability influence CSR disclosure?
2. How does leverage influence CSR disclosure?
3. How does the size of the board of commissioners influence CSR disclosure?
4. How does the size of the audit committee affect CSR disclosure?
5. What is the simultaneous effect of all research variables on CSR disclosure?

Research Objectives, The purpose of this study is to:

1. Analyze the effect of profitability on CSR disclosures.
2. Analyze the effect of leverage on CSR disclosure.
3. Analyze the effect of the size of the board of commissioners on CSR disclosures.
4. Analyze the effect of audit committee size on CSR disclosure
5. Analyzing the effect simultaneously among all research variables on CSR disclosure

II Material And Methods

Dala In this research, the object of the research is the disclosure of the corporate social responsibility (CSR). The research unit is a public banking company registered with the Financial Services Authority (OJK) in the period of 2014-2018.

Study Design: This type of research uses a causal research design and descriptive research.

Study Duration: December 2014 to December 2018.

Sample size: 40.

Sample size calculation:

The sample is part of an overall population that is carefully chosen to represent that population. The method of sampling used in this study is a purposive sampling technique, namely by taking samples from a population based on available information and in accordance with the aims and objectives of the study, with the following criteria:

1. Sharia Banks registered with the Financial Services Authority (OJK) from 2014 to 2018.
2. Sharia banks that published annual reports for the period 2014 to 2018.
3. Implemented corporate social responsibility disclosure (CSRD) in a row during 2014-2018
4. Have a non-negative profit report from 2014 to 2018.

Based on predetermined criteria, the number of companies that became the study sample were (…) companies. The number of samples obtained from the population selection process will be presented in the table below.

Procedure of Methodology

Data is collected by conducting a literature study namely reading books and supporting literature relevant to the problem under study and documentation by studying the information contained in the annual report of the company being sampled and the data relating to company characteristics and the mechanism of Good Corporate Governance, and also a questionnaire from GRI 4 that contains questionnaire about the categories of Corporate Social Responsibility disclosure.

Operational Definition and Variable Measurement

Corporate Social Responsibility (CSR)

The Corporate Social Disclosure Index (CSDI) that will be used in this study is based on GRI-G4 that includes 91 items. Measurements for CSR disclosure are measured using the data checklist method, i.e. each CSR item in the research instrument is given a value of 1 if it is disclosed and a value of 0 if it is not disclosed. Then, the scores for each item are added together to get the overall score for each company.

In this study, the Corporate Social Responsibility (CSR) is obtained with a formula like the following.

$$CSRD_{ij} = \frac{\sum X_{ij}}{nj} \times 100\%$$

Notes:

CSRDij : Corporate Social Responsibility Disclosure Index j

Nj : The number of items for company j, nj ≤ 91

ΣXij : The number of disclosed items, if it is disclosed the value is 1, if it is not, the value is 0.

Statistical analysis

The analytical method used was by using descriptive statistical354 analysis and multiple linear regression analysis using SPSS 26.0. Testing was done through several stages namely classical assumption test, test coefficient of determination and hypothesis test. The model used in this research was as follows:

$CDRI = C + \beta_1 NPM + \beta_2 TAT + \beta_3 TI + \beta 4UKA + \beta_5 DD + \beta 6KI + e$

II. Result

The data used in this study are annual financial reports on banking sector companies registered in the OJK for the 2014-2018 period. All of the banking sector company data are then taken in accordance with predetermined criteria based on purposive sampling method so that the data objects that meet the criteria are 8 companies. The following is a sample of research conducted with a purposive sampling method using the following criteria:

Tabel 1
Daftar Bank

No	Nama Bank	Kode Perusahaan
1	PT. Bank Rakyat Indonesia Syariah	BRIS
2	PT. Bank BCA Syariah	BBCA
3	PT. Bank Bukopin Syariah	BBKB
4	PT. Bank Negara Indonesia	BNIS
5	PT. Bank Muamalat Indonesia	BMI
6	PT. Bank Syariah Mandiri	BSM
7	PT. Bank Panin Dubai Syariah Tbk	PNBS
8	PT. Bank Mega Syariah Indonesia	BMSI

Source : Secondary data, 2019

Table no 2: From the Valid N row (listwise) it can be seen that N or the amount of data that is valid input is 40 samples. Based on the results of the table above, it is found that the disclosure of Corporate Social Responsibility (CSR) which is the dependent variable has a minimum value of 0.264 at Bank Bukopin Tbk in 2017 and 2018, and a maximum value of 0.407 obtained from the total CSRD of Bank Central Asia Tbk in 2017, the average value of average indicates the number 0.29904. This is due to the company's operational activities that are not directly involved with nature which cause the lack of CSR disclosure on environmental indicators. It can be concluded that the level of CSR disclosure of banking sector companies in Indonesia can be said to be medium to lower because the average disclosure is still below 50% of the total disclosures. Meanwhile the standard deviation of banking companies is 0.30935. Because the standard deviation is smaller than the average value, it can be concluded that the data on CSRD variables are very good during the observation period. While for the first independent variable, the size of the company has a minimum value of 4.289 obtained from the lowest total assets of PT Bank Negara Tbk, in 2014 and The maximum value of 7.992 is obtained from the largest total assets of Bank Syariah Mandiri Tbk in 2018, the average size of the company in banking companies is 6.40397.

The second independent variable is the profitability variable (Return On Assets) which has a minimum value of 0.001 obtained from Bank BCA Syariah Tbk in 2014, a maximum value of 2.63 obtained from PT Bank Mega Syariah Indonesia Tbk in 2018 and the company's average profitability (ROA) Banking industry is 0.13133. The third independent variable is leverage (Debt Equity Ratio) which has a minimum value of 1,082 obtained from PT Bank Mega Syariah Indonesia Tbk in 2017 Tbk. The maximum value of 9,447 was obtained by Bank Panin Dubai Syariah Tbk in 2018, due to the company's total liabilities increased from Rp 75 billion in 2016 to Rp 83 billion in 2017.

The increase was mainly due to an increase in customer deposits by Rp 58 billion and the average leverage (Debt Equity Ratio) of the banking industry companies is 4,58898. The fourth independent variable, namely the board size variable that has a minimum value of 3.00, was obtained by Bank Mandiri Syariah Tbk from 2014 - 2018. The consistency of the number of commissioners. The maximum value of 8.00 was obtained by Panin Bank Dubai Syariah Tbk in 2018, Bank Danamon Indonesia in 2013, Bank CIMB Niaga Tbk in 2013-2017, and the average size of the board of commissioners is 4.18. The fifth independent variable is the audit committee size variable which has a minimum value of 2.00 obtained by PT. Bank Rakyat Indonesia Syariah

Tbk in 2015-2018, Bank Bukopin Syariah Tbk from 2014-2018, and Bank Muamalat Indonesia Tbk in 2017. The maximum value of 5.00 obtained by Bank Syariah Mandiri Tbk in 2017. The average size of the audit committee is 2.83.

Table no2
Statistik Deskriptif

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	40	,264	,407	,29904	,029904
SIZE	40	4,289	7,992	6,40397	1,160734
ROA	40	,001	2,63	,13133	,472832
DER	40	1,082	9,477	4,58898	2,591470
UDK	40	3,000	8,000	4,18	1,059
UKA	40	2,000	5,000	2,83	,594
Valid N (listwise)	40				

Source: Output SPSS 26

Table no4

$$\mathbf{CSRD = 0{,}286 - 0{,}002X_1 + 0{,}004\ X_2 + 0{,}000\ X_3 - 0{,}006\ X_4 + 0{,}0036X_{5\,+}\ e}$$

The multiple linear equations above show that the constant value (α) is 0.268, this shows that if the amount of the company size, profitability, leverage, board size and audit committee size is assumed to be absent or ignored then the value of social responsibility disclosure in the annual report company worth 0,268 or 26.8%.

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error
(Constant)	,268	,040
SIZE	-,002	,004
ROA	,004	,011
DER	,000	,002
UDK	,006	,005
UKA	,006	,009

Dependent Variable: CSR
Source: Output SPSS 26

Table no 5is obtained from the results of the partial regression coefficient test (t test) as follows:

The company size variable has a tcount of 6.731 with a significant value of 0.719> 0.05. This shows that H1 was rejected. Based on these results it can be concluded that the firm size variable does not significantly influence social responsibility disclosure (CSR).

The profitability variable has a tcount of 2.305 with a significant value of 0.713> 0.05. This shows that H2 was rejected. Based on these results it can be concluded that profitability has no effect on disclosure of social responsibility (CSR).

The leverage variable has a tcount of 0.309 with a significant value of 0.863> 0.05. This shows that H3 was rejected. Based on these results it can be concluded that leverage does not affect the disclosure of corporate social responsibility (CSR).

Variable size of the board of commissioners has a tcount of 1, 128 with a significant value of 0,000 <0.05. This shows that H4 was accepted. Based on these results it can be concluded that the size of the board of commissioners significantly influences the disclosure of corporate social responsibility (CSR).

The audit committee size variable has a tcount of 0.685 with a significant value of 0.498> 0.05. This shows that H5 was rejected. Based on these results it can be concluded that the size of the audit committee does not affect the disclosure of corporate social responsibility (CSR).

Tabel 5
Result Uji Regresi Parsial (Uji t)

Coefficients[a]

Model		T	Sig.
1	(Constant)	6,731	,000
	SIZE	-,362	,719
	ROA	,371	,713
	DER	-,174	,863
	UDK	1,128	,000
	UKA	,685	,498

a. Dependent Variable: CSR

Source: Output SPSS 26

Table no 6 F test results show that the value of Fcount for the size of the company, profitability, leverage, the board of commissioners, and the audit committee is 0.487 while the F value of the table is 2.47 with a significance of 0.000. The significance value is less than 0.05 so the H6 is accepted or it can be concluded that all independent variables namely company size, profitability, leverage, board size, and the size of the audit committee simultaneously influence the CSR disclosure.

Tabel 4.10
Hasil Uji Regresi Simultan (Uji F)
ANOVA[a]

Model		Mean Square	F	Sig.
1	Regression	,005	,487	,000[b]
	Residual	,001		
	Total			

a. Dependent Variable: CSR

b. Predictors: (Constant), UKA, ROA, DER, UDK, SIZE

Source: Output SPSS 26

III. Discussion

The effect of Company Size on Corporate Social Responsibility Disclosure (CSRD)

The results of the study in testing company size variables are stated by the company's total assets. The results show that the size of the company does not have a significant effect on the disclosure of corporate social responsibility (CSR) in the Banking sector where the regression coefficient value of -0.382 with a significance of 0.719 greater than 0.05. It can be said that the smaller the number of company assets, the fewer operating activities the company will have, and one of many ways that companies can do is to pay attention and express wider social programs. The results of this study are not in line with previous studies that succeeded in showing the relationship between these two variables, namely research by Achmad (2015), Septian (2013), Rina (2014), Erma et all (2013) who found that there was an influence of company size on disclosure of corporate social responsibility (CSR). However, the results of this study are in line with Gusti's research (2015) whose research results support this research because in his research he found that there was no influence of company size on CSR.

The effect of Profitability on Corporate Social Responsibility Disclosure (CSRD)

The results of research in testing the profitability variables is expressed in ROA. The test results show that profitability has no effect on the disclosure of corporate social responsibility (CSR) in the Banking sector where the regression coefficient value of 0.371 with a significance of 0.713 is greater than 0.05. This states that the size of the profitability of the company does not affect the level of corporate social responsibility disclosure. This is because of the Law No. 40 of 2007 which regulates social and environmental responsibility, so corporate social responsibility is an annual program that must be carried out by the company. Therefore, the level of profitability of the company does not affect the disclosure of the corporate social responsibility. The results of this study are in line with research conducted by Mirza and Agung (2015), Agus (2011), and Rina (2014) who found the same results that profitability was not proven to have an influence on disclosure of corporate social responsibility (CSR).

The effect of Leverage on Corporate Social Responsibility Disclosure (CSRD)

The results of the research in testing the variable leverage are stated in DER. The test results show that leverage does not affect the disclosure of corporate social responsibility in the banking industry sector where the regression coefficient value of -0.174 with a significance of 0,000 greater than 0.05. This means that the size of the leverage owned by the company does not affect the level of corporate social responsibility disclosure. This is because of Law No. 40 of 2007 which regulates social and environmental responsibility, so corporate social responsibility is an annual program that must be carried out by the company. Therefore, the size of leverage of the company does not affect the disclosure of corporate social responsibility. The results of this study support previous research conducted by Ethic (2014), Ni Wayan and Ni Putu (2014), and golda (2016), which failed to prove the significant influence of leverage on disclosure of social responsibility.

The effect of Board of Commissioners' Size on Corporate Social Responsibility Disclosure (CSRD)

The results of the study in testing the variable size of the board of commissioners showed that the size of the board of commissioners affected the disclosure of corporate social responsibility in the banking industry sector where the regression coefficient value was 1,128 with a significance of 0,000 greater than 0.05. The results of this study are in line with previous studies conducted by I Gusti (2015), Evans (2015), and Golda (2016) which show the results that the size of the board of commissioners affects the level of disclosure of social responsibility.

The effect of Audit Committee Size on Corporate Social Responsibility Disclosure (CSRD)

The results of the research in testing the audit committee size variables indicate that the size of the audit committee does not affect the disclosure of corporate social responsibility (CSR) in the banking sector where the regression coefficient value is 0, 685 with a significance of 0.498 greater than 0.05. These results indicate that the audit committee has no effect on CSR disclosure. The results of this study are in line with research conducted by Ahmad (2011) and Tita (2012) who found that there was no influence between the size of the audit committee and the level of disclosure of social responsibility.

The effect of Company Size, Profitability, Leverage, Board of Commissioners Size and Audit Committee Size on Disclosure of Corporate Social Responsibility (CSR)

The sixth hypothesis testing shows that the independent variable in this study, namely company size, profitability, leverage, board size, and the size of the audit committee on the dependent variable is the disclosure of Corporate Social Responsibility (CSR). By using multiple linear regression equations and F test or ANOVA test resulting in a significant level of $0{,}000 < 0.05$, it can be concluded that company size, profitability, leverage, board size, and audit committee size simultaneously have a significant effect on disclosure of corporate social responsibility (CSR). This can also be demonstrated by the amount of R2 which is 6.7% variation of the dependent variable that is the disclosure of corporate social responsibility (CSR) can be explained by variations of the six independent variables namely company size, profitability, leverage, board size, and audit committee size.

IV. Conclusion

Based on the results of the tests and the discussions conducted on banking sector companies registered in theFinancial Services Authority (OJK) for the period of 2014-2018 , it can be concluded that the companies characteristics (company size, profitability, and leverage), and the mechanism of good corporate governance (the size of the board of commissioners and the size of the audit committee) partially each has the influence of the independent variables as follows:

Company size does not significantly influence the disclosure of corporate social responsibility (CSR). This shows that the smaller the size of the company, the disclosure of corporate social responsibility will be increasingly narrow.

Profitability does not affect the disclosure of corporate social responsibility (CSR). This shows that the level of profitability of the company does not affect the implementation of corporate social responsibility disclosure because social responsibility is mandatory.

Leverage also does not affect the disclosure of corporate social responsibility (CSR). This is because of Law No. 40 of 2007 which regulates social and environmental responsibility, so corporate social responsibility is an annual program that must be carried out by the company. Therefore, the degree of leverage of the company does not affect the disclosure of corporate social responsibility.

The size of the board of commissioners influences the disclosure of corporate social responsibility (CSR). This is because the board of commissioners can exert a strong enough influence to pressure management to disclose broader social information, so companies that have a larger board size will disclose more social information.

The size of the audit committee does not affect the disclosure of corporate social responsibility (CSR) in the banking sector. This is because the duty of the audit committee is only to help supervising the board of commissioners in carrying out the duties and functions of the board of commissioners. For the implementation of CSR, the audit committee is only tasked with conducting reviews, providing recommendations and suggestions to the board of commissioners.

Corporate characteristics (company size, profitability, leverage) and GCG mechanism (the size of the board of commissioners and the size of the audit committee) jointly or simultaneously affect the disclosure of social responsibility (CSR) of public banking companies in Indonesia, this shows that the characteristics of the ownership and application of GCG mechanisms are important factors in CSR disclosure. A sig value of 0,000 is smaller than 0.05 and an R2 of 0.067, which means that 6.7% of variations in CSR disclosure can be explained by variations in the independent variables size, profitability, leverage, board size, and the size of the audit committee.

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