

Board Diversity of Corporate Social Responsibility Disclosure in Infrastructure Companies Listed on the Indonesia Stock Exchange

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Abstract: Environmental issues are an important topic for discussion. Environmental management that is not accompanied by responsibility to protect and preserve the environment has created problems for human life. One of the countries highlighted by the world in maintaining environmental management issues is Indonesia, especially in infrastructure companies. The aim of this research is to examine the effect of board diversity on the disclosure of corporate social responsibility. The population in this study are infrastructure companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The sample in this study is infrastructure companies which are determined by the purposive sampling method, and 52 companies are obtained as samples. Analysis of research data using multiple linear regression. The results show that educational diversity, board nationality background diversity affect the disclosure of corporate social responsibility, while gender diversity and board tenure diversity have no effect on the disclosure of corporate social responsibility. This research can be used as an evaluation material for companies to improve corporate social responsibility in corporate responsibility management activities.

Keywords: Disclosure, Corporate Social Responsibility, Board Diversity

1. Introduction

Indonesia is a country that is a member of the G-20. The G-20 or Group of Twenty is the main forum for international economic cooperation in which the countries of the world are members. The High-Level Conference which was held in Denpasar Bali with the theme "Recover Together, Recover Stronger" made SOEs an important role in supporting the success of the G-20. Infrastructure companies in Indonesia that contribute directly to the success of the G-20 cannot be separated from the president's supervision. In this case, infrastructure companies have a very important role that there is a need for social responsibility.

The management of social responsibility (CSR) in infrastructure development by Indonesian infrastructure companies is very important because it is to assess how the responsibilities of infrastructure companies are in order to fulfill the people's welfare. PT JasaMarga (Persero) which has completed the beautification work by planting mangroves and bougenville in the median of the toll road and renovating the toll gate by adding local Balinese culture to the main road lighting ornaments.

In addition, one of the president's focuses is to reduce global carbon emissions and also all companies in Indonesia, especially infrastructure companies, are required to be responsible and actively participate in the implementation of social responsibility.

Corporate Social Responsibility (CSR) is a corporate contribution effort centered on a business activity, social investment philanthropy, and obligations to public policy. Management of social responsibility (CSR) is considered as one of the strategic steps to bridge the interests of the company and the surrounding community (Jenkins, 2004; Raufflet, Cruz, and Bres, 2014). CSR is organized by companies which have the goal of being a form of corporate social responsibility towards the impacts it causes. In other words, the more complex the company's operating policies, the more critical corporate social responsibility is for corporate and community stakeholders such as suppliers, customers, competitors, banks, and investors (Handajani et al., 2014).

Companies that carry out CSR activities are inseparable from the implementation of corporate governance. Corporate Governance or corporate governance is a system controlled by the company in order to achieve a balance between the authority required by the company to ensure the continuity of the company's operational activities is maintained and recognized by stakeholders. According to the General Guidelines of the Forum for Corporate Governance in Indonesia or FCGI for short (2002) it is stated that the purpose of implementing corporate governance is to encourage corporate awareness and responsibility towards the community and the surrounding environment. One of the components in corporate governance that influences the implementation of CSR is the existence of a board of directors.

The existence of an effective board of directors in implementing corporate governance is very important (Ibrahim and Hanefah, 2016). One form of corporate governance is the establishment of a board of directors capable of supporting the company's achievements. The board of directors or diversity board has a role as an effort to protect various interests, both from the consumer side and the company side. The distribution of differences between the boards of directors which have a bearing on the characteristics of differences in an opinion and attitude is commonly referred to as board diversity (Ararat et al., 2010).

Board diversity in CSR disclosure is a topic that has been widely used in research. Much research related to board diversity on CSR disclosure has been carried out abroad, in Indonesia itself research on board diversity is still very small. Research on diversity of boards of directors and CSR such as research by Khan et al. (2019) and Harjanto et al., (2018) which explains that diversity of boards of directors has a positive influence on CSR disclosure. Educational diversity or board educational background diversity is also a factor that influences CSR disclosure because the board of directors will not become directors if they do not take formal education, and in this case educational diversity is a factor that can improve performance and quality in carrying out CSR activities.

Gender diversity or board gender diversity can be interpreted that there is a composition between the male board of directors and the female board of directors. However, on the other hand it can also be interpreted that gender diversity is indicated by the presence or absence of female directors and male directors in the composition of a company's board of directors. However, in this case what is meant by gender diversity is the presence of a female board of directors in the composition of a company's board of directors

Board nationality background diversity can be addressed by the diversity of nationality of the board of directors.

The board of nationality background diversity is used to determine the diversity of nationality backgrounds contained in the board of directors. The national background of the board of directors can be divided into two, namely the board of directors with foreign citizenship and the board of directors with local citizenship.

Board Tenure Diversity or the tenure of directors is one of the characteristics of the diversity of the board of directors. Board Tenure Diversity is used to find out how long the director has worked in a company. A long term of office can provide greater experience, competence and commitment to a director, because of his extensive knowledge and experience regarding the company and the corporate environment. The longer the term of office of a board of directors, the better the company's information disclosure will be.

Research on board diversity on disclosure of corporate social responsibility, especially in infrastructure companies, is still rarely carried out. Therefore, this study examines the effect of educational diversity, gender diversity, board nationality background diversity, board tenure diversity as observations in the implementation of corporate social responsibility in infrastructure companies in Indonesia. The purpose of this study is to test board diversity on the disclosure of corporate social responsibility, especially in infrastructure companies.

2. Literature Review and Hypothesis

Agency Theory

Agency theory according to Jensen and Meckling (1976) states that agency relationships develop on shareholders (principals) who enter into contracts with management to employ and delegate their responsibilities in decision making (agents). Agency theory is defined by an imbalance between principal and agent caused by differences in interests. The principal demands that the agent when doing something must be in accordance with his expectations, while the agent's motivation when doing something aims to always maximize his utility.

Legitimacy Theory

Legitimacy theory focuses on the interaction between companies and society. This theory states that organizations are part of society and they must pay attention to social norms because conformity with social norms can make companies more legitimate. This theory explains that companies operate in a constantly changing external environment and they try to ensure that their behavior conforms to societal boundaries and norms (Brown and Deegan, 1998).

The Educational Diversity on Disclosure of Corporate Social Responsibility

Boards of directors with different educational backgrounds can offer more diverse attitudes, ideas and experiences when making decisions in the practice of using CSR. According to research conducted by (Harjoto and Rossi, 2018), the diversity of educational backgrounds has a positive influence on CSR reporting in the United States. In line finding is done by Damanik and Dewayanto (2021) that prove the educational diversity variable has a positive influence on CSRD.

H₁: Educational Diversity affects the disclosure of Corporate Social Responsibility

The Gender Diversity on Disclosure of Corporate Social Responsibility

The presence of female directors on the board of directors is seen as a reflection of gender diversity which can have a positive impact because female directors are given more attention in overseeing the implementation and disclosure of CSR in order to show stakeholders that the company can be held accountable. Having women directors on the board of directors is essential to provide certainty to the company's operations. This research is supported by research (Damanik and Dewayanto, 2021) that gender diversity affects CSR.

H2: Gender diversity affects the disclosure of Corporate Social Responsibility

The Board National Background on the disclosure of Corporate Social Responsibility

The presence of foreign directors in a company is a form of the diversity of the board of directors which can provide diverse ideas, attitudes and experiences in making decisions and managing CSR. This research is supported by research (Pajaria et al., 2016) , where the results of this study state that nationality diversity has a positive effect on the disclosure of corporate social responsibility simultaneously or partially.

H3: Board National Background affects the disclosure of Corporate Social Responsibility

The Board Tenure Diversity on Disclosure of Corporate Social Responsibility

The existence of a board of directors who have a long tenure will affect the development of the company to become unresponsive and can weaken the function of oversight of company executives. In this case it affects the optimality of the board of directors in forming a corporate social responsibility strategy and policy. This research is supported by research (Setiawan et al., 2018) which shows that the tenure of the board of directors affects the disclosure of corporate social responsibility.

H4: Board Tenure Diversity affects the disclosure of Corporate Social Responsibility

3. Methodology and Procedures

Population and Sample

The population in this study are 71 infrastructure companies listed on the Indonesia Stock Exchange. The form of this research is quantitative research in the form of annual reports with a sample of infrastructure companies listed on the Indonesian Stock Exchange for the 2019-2021 period. The data in this study are secondary data obtained through the documentation method on the official website of the Indonesia Stock Exchange (www.idx.com) and the official website of each company.

The purposive sampling method in this study was used as the sampling method. The sample selection criteria are presented in table 1.

Table 1: Research Sample Selection Process

No.	Criteria	Amount
1	Infrastructure company listed on the Indonesia Stock Exchange for the 2019-2021 periods.	71
2	Companies that publish annual reports (annual reports) during the research year, namely 2019-2021 on the Indonesian Stock Exchange (IDX).	-18
3	Companies that disclose corporate social responsibility in their annual reports for the 2019-2021 periods.	-1
The number of research samples = 52 companies x 3 years		156
Outlier data during processing		-35
Number of research samples		121

Source: Data Process, 2023

Operational Variable Measurement

Table 2: Operational Measurement

Variable	Indicator	Source
Educational Diversity (PEN)	$PEN = \frac{\sum \text{Educational background of the board of directors}}{\sum \text{Total board of directors}}$	Hardiniand Sari(2023)
Gender Diversity (GEN)	$GEN = \frac{\sum \text{Total of female directors}}{\sum \text{Total board of directors}}$	Damanik, and Dewayanto (2021)
Board National Background (NAT)	$NAT = \frac{\sum \text{Total board of directors are foreign nationals}}{\sum \text{Total board of directors}}$	Pajaria, Meutia, and Widiyanti (2016)
Board Tenure Diversity (TEN)	$TEN = \frac{\sum \text{The term of office of the board of directors} \geq 5 \text{ years}}{\sum \text{Total board of directors}}$	Putri (2020)

4. Results and Discussion

Descriptive Statistical Analysis

Table 3: Descriptive Statistical Test Results

Variable	N	Minimum	Maximum	Means	Standard Deviation
PEN	121	0.000	1.000	0.47176	0.306235
GEN	121	0.000	0.667	0.09506	0.156806
NAT	121	0.000	0.750	0.11065	0.200189
TEN	121	0.000	1.000	0.41993	0.377120
CSR	121	0.154	0.274	0.20407	0.029136

Source: Process Data, 2023

Table 3 presents descriptive statistics with a sample size of 121. Education Diversity (PEN) has a minimum value of 0.000 and a maximum value of 1.000 with a mean of 0.47176. The standard deviation value of PEN is 0.306235 (below the average), meaning that PEN has a low level of data variation. Gender Diversity (GEN) shows a minimum value of 0.000 and a maximum value of 0.667 with a mean of 0.09506. The standard deviation value of GEN is 0.156806 (above the average), meaning that TEN has a high level of data variation. The Board National Background (NAT) has a minimum value of 0.000 and a maximum value of 0.750 with a mean of 0.11065. The standard deviation value for NAT is 0.200189 (above the average), meaning that NAT has a high level of data variation. Board Tenure Diversity (TEN) has a minimum value of 0.000 and a maximum value of 1.000 with a mean of 0.41993. The standard deviation value for TEN is 0.377120 (below the average), meaning that TEN has a low level of data variation. CSR has a minimum value of 0.154 and a maximum value of 0.274 with a mean of 0.20407. The standard deviation value for CSRI is 0.029136 (below the average), meaning that CSR has a low level of data variation.

Statistical testing with multiple regression analysis requires a classic assumption test before the regression test is carried out. The results of the normality test show that the distribution is normal. The multicollinearity test results for the regression equation model show inflation factor values (VIF) between 1.022-1191 and tolerance values between 0.840-0.979, this illustrates that there is no multicollinearity problem in the regression equation. The autocorrelation results show a significance value of 0.171 using the run-test method. This illustrates that there is no problem with autocorrelation. The results of the heteroscedasticity test with the Spearman rho test show that the significance value of each research variable is above 0.05 and there is no heteroscedasticity problem in the regression equation of this study. The results of the heteroscedasticity test can be seen in Table 4.

Table 4: Heteroscedasticity Test Results

Variable	Significance	Description
PEN	0.971	There is no heteroscedasticity
GEN	0.764	There is no heteroscedasticity
NAT	0.885	There is no heteroscedasticity
TEN	0.920	There is no heteroscedasticity

Source: Data Process, 2023

Hypothesis Test Results Discussion

The regression equation in this study is to use the fit model with a value of $F = 2.962$ and a significance of 0.023 . The adjusted R^2 coefficient value shows the number 0.061 . Hypothesis testing with multiple linear regression analysis models shows the following equation:

$$CSR = 0.223 - 0.025PEN - 0.029GEN - 0.032NAT - 0.003TEN + e$$

Table 5: Hypothesis Test Results

Variable	B	t-value	Significance	Description
PEN	-0.025	-2,724	0.007	H ₁ Accepted
GEN	-0.029	-1,694	0.093	H ₂ Rejected
NAT	-0.032	-2,251	0.026	H ₃ Accepted
TEN	-0.003	-0.437	0.663	H ₄ Rejected

Source: Data Process, 2023

Based on the results of analysis testing that has been carried out through descriptive statistical analysis and hypothesis testing shows that educational diversity affects the disclosure of corporate social responsibility. Educational diversity has a regression value of -0.025 with a significance level of 0.007 . A significant value of 0.007 is less than 0.05 ($0.007 < 0.05$), then **H₁ is accepted**. It can be concluded that educational diversity affects the disclosure of corporate social responsibility.

The results of this test are in line with research conducted by Damanik and Dewayanto (2021) which explains that educational diversity has an effect on disclosure of corporate social responsibility. A company that has a variety of higher education will be better at making decisions and able to increase the wider external resources for the company.

Gender Diversity has a regression coefficient of -0.029 with a significance of 0.093 gender diversity greater than 0.05 and **H₂ is rejected**, meaning that gender diversity does not affect the disclosure of corporate social responsibility. This finding is different from research by Damanik and Dewayanto, (2021) which states that gender diversity affects the disclosure of corporate social responsibility. The results of this study indicate that infrastructure companies, especially in Indonesia, rarely have women on board of directors. Environmental conditions and the management of large responsibilities provide special considerations when women want to be involved in company activities.

The Board of National Background has a regression coefficient of -0.032 with a significance of 0.026 which is less than 0.05 , then **H₃ is accepted**. Based on the results of this test, it can be concluded that the Board National Background with a foreign board of directors affects the disclosure of corporate social responsibility. The results of this study are in line with Pajaria et al. (2016) which states that it has a simultaneous or partial effect on CSR. Companies that have foreign board of directors can improve the company's CSR performance. In addition, foreign board of directors can also assist companies in carrying out CSR because of their expertise and strict supervision, The Tenure Diversity Board has a regression coefficient of -0.437 with a significance of 0.663 . The significance value of 0.063 is greater than 0.05 , and **H₄ is rejected**. Based on the results of this test it can be concluded that the tenure of the board of directors has no effect on the disclosure of corporate social responsibility. This is in line with research conducted by Setiawan (2018) that the tenure of the board of directors has no effect on disclosure of corporate social responsibility. The results of this study prove that the lack of experience of the board of directors can cause gaps for a company.

5. Conclusion

Based on the results of data analysis and discussion of board diversity on disclosure of corporate social responsibility in infrastructure companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 to 2021, it can be concluded that educational diversity and the board's national background affect disclosure of corporate social responsibility.

For the observation of gender diversity and board tenure diversity, it has no effect on the disclosure of corporate social responsibility. The research results obtained in this study still have limitations caused by limitations. This research still uses short-term observations and special reviews about the impact of a pandemic that may also occur in the operationalization of infrastructure companies and the company's disclosure of corporate social responsibility. Therefore, it is still possible to do research in medium and long term periods and it is possible to use other variables such as the age of the board of directors, the age of the company.

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