Can Female Directors influence CSR Disclosures in Indonesia?

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ABSTRACT:*This study aims to determine the influence of board of director's feminism, slack resources, company age, and company growth, on the disclosure of corporate social responsibility. The research sample used manufacturing companies in Indonesia in 2017 – 2019 and 328 research samples were obtained. Data analysis was performed using multiple regression analysis. The results of this study state that the board of directors' feminism has no effect on corporate social responsibility disclosure, while slack resources, company age, and company growth have a positive effect on corporate social responsibility disclosure in Indonesia.*

Keywords:corporate social responsibility, board of director's feminism,slack resources, company age, company growth.

I.   Introduction

Corporate Social Responsibility (CSR) is an idea that requires companies to focus on the triple bottom lines, namely people, profit, and planet(Musaidah et al., 2016). According to the World Business Council for Sustainable Development, CSR is considered a commitment by companies in the business world to contribute to economic development, by improving the welfare of workers and their families as well as the local community and the wider community.

Companies in Indonesia have disclosed CSR practices quite well, but this is still in contrast to Indonesia's ranking among countries in Asia. Indonesia is ranked lowest in the implementation of Corporate Social Responsibility activities among seven other Asian countries(swa.co.id, 2016). Among companies that have implemented CSR practices in Indonesia, there are also companies that have not implemented them. One example is the case where there are several points of illegal industrial waste disposal in the Ciliwung river, where factory waste is dumped directly into the river causing an unpleasant odor (bebas.kompas.id, 2020).This is very detrimental to the surrounding community. This phenomenon is only one example of the many problems regarding CSR in Indonesia.

The first factor that influences CSR is the feminism of the board of directors. The board of directors is part of the company's management which is elected by the shareholders. Feminism The board of directors is the number of female members on the board of directors(Anggraeni & Djakman, 2017). According to(Hasanah et al., 2019)companies with female board of directors members can also influence high CSR disclosure scores compared to companies that do not have female board of directors members. This is because women are more thorough and prudent in making decisions. The more female members on the board of directors, the wider the disclosure of CSR in the company. This can be explained based on feminist-ethical theory, with the presence of a female figure it will influence CSR policies, because women have high social and environmental concerns.

Disclosure of Corporate Social Responsibility can also be influenced by factors that can make the disclosure broad or small. Factors that influence CSR disclosure include slack resources. Based on the resource-based theory, a company will achieve competitive advantage if the company also has superior resources(Barney, 1991). Competitive advantage can be achieved with wider and better CSR disclosure. Good and wide CSR disclosure requires the sacrifice of some of the company's resources.

Another factor that influences CSR is the age of the company. The level of maturity and maturity of a company can be seen through the age of the company (Musaidah et al., 2016). The older the company, the wider CSR disclosure will also be. The relationship between company age and CSR disclosure can be explained by agency theory which assumes that large companies are unable to meet their own capital requirements and require shareholders as company principals (Musaidah et al., 2016). Large companies can be characterized by the age of the company that is getting older. The older the age of the company, the wider the disclosure of its CSR activities.

The next factor that influences CSR is the company's growth. According toMusaidah et al., (2016) company growth is a form of increase or decrease as measured by the company's sales level. In investing, investors take the company's growth as a consideration. Waluyo (2017)states that the company's growth can be seen through the company's sales level. Companies that have high growth tend to make more Corporate Social Responsibility disclosures as well. The relationship between company growth and CSR disclosure can be explained by agency theory which assumes that large companies are unable to meet their own capital needs and require shareholders as company principals (Musaidah et al., 2016).

II. Literature Review

Agency Theory

This theory explains the relationship between the agent and the principal who is bound by an employment contract (Jensen & Meckling, 1976). Company managers or company management act as agents and company owners or shareholders act as principals. The relationship between agency theory and CSR disclosure is related to the existence of a relationship between agents and principals who work together for the welfare and prosperity of the company. The more prosperous and prosperous the company, the wider the disclosure of CSR activities.

Resources Based Theory

Resources based theory assumes that a company can achieve a competitive advantage if the company has superior resources(Barney, 1991). Competitive advantage can be achieved through wider and better disclosure of CSR.

Feminist Ethical Theory

Feminist ethical theory is a theory that is closely related to the figure of women in corporate leadership. A woman has different views when communicating her opinion, if this is related to the corporate governance system, then this opinion can influence decisions regarding a policy within the company(MacHold et al., 2008). The relationship between feminist ethical theory and CSR disclosure is that the presence of a female figure will influence CSR policies, because women have high social and environmental concerns (Hasanah et al., 2019).

Board of Directors Feminism and CSR Disclosure

Feminism the board of directors is the number of female members on the board of directors(Anggraeni & Djakman, 2017). According to Hasanah et al., (2019)companies with female board of directors members can also influence high CSR disclosure scores compared to companies that do not have female board of directors members. The relationship between board feminism and CSR disclosure is that the more women members on the board of directors, the wider CSR disclosure in the company.

H_1:board of director's feminism affectto CSR disclosure

Slack ResourcesandCSR Disclosure

Slack resources are excess resources owned by a company (Shoimah & Aryani, 2019). Slack resources are excess potential and actual resources owned by the company and are used to adapt to changing situations from the various pressures faced by the company (Bourgeois, 1981). The relationship between slack resources and CSR disclosure is that the more excess resources owned by a company, the more alternative choices will be for utilizing these slack resources, one of which is for social purposes, namely disclosure of wider and higher quality CSR activities.

H_2:slack resources affect to CSR disclosure

Company age and CSR disclosure

Company age is the level of maturity and maturity of the company(Musaidah et al., 2016). The age of the company reflects that the company can survive and compete among its competitors. Disclosure of CSR in a company can be influenced by the age of the company. The older the company, the wider CSR disclosure will also be. This is because companies with a longer lifespan have more experience regarding CSR disclosure.

H_3: company age affect to CSR disclosure

Company Growth and CSR Disclosure

According to Musaidah et al., (2016) company growth is a form of increase or decrease as measured by the company's sales level. In investing, investors take the company's growth as a consideration. Waluyo (2017)states that the company's growth can be seen through the company's sales level. The relationship between company growth and CSR disclosure is that companies with high growth tend to make more and broader CSR disclosures.

H_4: company growth affect to CSR disclosure

III. Method

Disclosure of CSR in this study is measured by the content analysis method, which is a way of measuring data using a quantitative scale obtained from qualitative data information(Anggraeni & Djakman, 2017). This study uses a scale of 0-1 in the calculation of existing items, namely 0 for items that are not disclosed and 1 for items that are disclosed. Measurement of CSR disclosure in this study uses the following formula:

$$CSRD = \frac{\text{Number of items disclosed}}{\text{Number of itemsspecified of GRI}}$$

Feminism The board of directors is the number of female members on the board of directors (Anggraeni & Djakman, 2017). The way to determine the number of members of the board of directors is by looking at the names of the members of the board of directors and also looking at the photos that have been

attached to the company's annual report. The feminism of the board of directors in this study is measured using the following formula:

$$GD_{Dir} = \frac{\text{number of female directors}}{\text{number of directors}}$$

Slack resources are excess resources owned by companies and their availability has not been used for company activities (Shoimah & Aryani, 2019). Measurement of slack resources in this study is proxies by the value of cash and cash equivalents from the company. Slack resources in this research are measured using the following formula:

$$SR = Lncashandcash\ equivalents$$

The age of the company symbolizes how long the company has been around (Vivian et al., 2020). The age of the company can be calculated from the year the company was founded until the year of research. Measurement of company age in the study uses the following formula:

$$Age = \text{research year} - \text{the year of company was founded}$$

Company growth is one indicator indicating that the company has increased. Waluyo (2017) states that the company's growth can be seen through the company's sales level. Company age in this study is measured by the following formula:

$$Growth = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$$

IV.   Result and Discussion

The sample in this research is manufacturing companies in Indonesia in 2017 – 2019. Based on data selection, 328 observation data were obtained with data descriptions as shown in table 1.

Table 1.
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	328	0.01	0.62	0.1944	0.11595
FeminismeDewan	328	0	0,67	0,1321	0.16492
Slack Resources	328	17.27	29.67	243.285	243.109
Age	328	3	202	43.39	23.703
Sales Growth	328	-0.98	1.04	0.0666	0.22887

The results of testing the classical assumptions for the requirements of multiple regression analysis are shown in table 2. The data normality analysis has fulfilled where the data is normally distributed. Multicollinearity analysis shows that all independent variables do not indicate multicollinearity. The regression model is also free from autocorrelation assumptions. Lastly, all independent variables have no indication of heteroscedasticity.

Table 2.
Regression Assumption Testing

Variable	VIF (Multicolinearity)	Heteroscedasticity
Female board of directors	1.025	0.190
Slack Resources	1.008	0.400
Age	1.019	0.101
Sales Growth	1.003	0.197
One Sample K-S	0.131	
Runs Test (sig)	0.580	

The results of hypothesis testing are presented in table 3. The regression model is fit with an F value of 13,178 and is significant at the 1% level. The independent variable in the regression model can explain the dependent variable by 13%.

Table 3.
Hypothesis Testing Results

Variable	B	Sig.
Female board of directors	-0.022	0.557
Slack Resources	0.006	0.011
Age	0.002	0.000
Sales Growth	0.021	0.047
F	13.178	0.000
Adj. R Square	0.130	

The results of testing the hypothesis stated that the feminism of the board of directors has no effect on corporate social responsibility, so the high or low number of female board members has no effect on a company's CSR disclosure. This is possibly due to cultural factors in Indonesia, where decision-making control is mostly determined by men. In addition, this is due to the low number of women in the top level management, thus minimizing the role of women in implementing a policy. The results of this study are in accordance with the research of Anggraeni & Djakman(2017).

Slack resources have a positive effect on corporate social responsibility, this shows that the quality of CSR disclosure will be higher when the amount of cash and cash equivalents owned by the company is also high. Because slack resources that are high discretionary are allocated by companies to support CSR policies, the quality of information disclosed by companies is also higher. This is in accordance with the resources-based theory put forward by Hodgson (1998), which states that the more slack resources a company has, the better and wider CSR disclosure will be. The results of this study are in line with research conducted by Shoimah & Aryani (2019), Hasanah et al., (2019), and Anggraeni & Djakman (2017) which state that slack resources affect corporate social responsibility. However, this research is not in line with research conducted by Tasya & Cheisviyanny (2019) which shows that slack resources have a negative effect on Corporate Social Responsibility.

Company age has a positive effect on corporate social responsibility. The age of the company that is getting older shows that the CSR expressed by the company is also getting better and wider. This is consistent with agency theory which assumes that large companies are unable to meet their own capital needs and require shareholders as company principals(Musaidah et al., 2016). This is because companies that have an older age have more experience. By disclosing more and more information about CSR, companies can get more benefits.

Companies that have high growth tend to make more Corporate Social Responsibility disclosures as well. This is consistent with agency theory which assumes that large companies are unable to meet their own capital needs and require shareholders as company principals(Musaidah et al., 2016). The results of this study are in line with research conducted by Musaidah et al.(2016) which states that company growth affects corporate social responsibility. However Waluyo (2017), Indraswari & Mimba (2017), Irham et al., (2018),Sidaruk & Yuliana (2018), andMubina et al.(2020)gave the opposite statement, that company growth has no effect on Corporate Social Responsibility.

V.   Conclusion

Feminism of the board of directors has no effect on CSR disclosure, because the proportion of women on the board of directors is still low so that the high or low number of female board members does not affect CSR disclosure. While slack resources, company age, and sales growth have a positive effect on CSR disclosure. The limitation of this research is that there is still subjectivity in measuring CSR and board of directors' feminism, so for future research it is necessary to increase the objectivity of measuring CSR and board feminism.

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