



The Influence of CSR Disclosure and Good Corporate Governance Towards Company's Reputation

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Abstrak— Penelitian ini menguji pengaruh pengungkapan CSR dan GCG terhadap reputasi perusahaan. Pengukuran pengungkapan CSR mengacu pada GRI Standards 2016. GCG diukur dengan proksi ukuran dewan direksi, keberagaman *gender* dalam dewan, dan aktivitas dewan. Sampel penelitian sebanyak 66 perusahaan selama tahun 2018-2020 dengan kriteria merupakan perusahaan terbuka dan merilis laporan tahunan, tidak termasuk dalam perusahaan sektor keuangan, hal ini karena karakteristik kegiatan usaha, regulasi, dan rasio keuangan yang berbeda, termasuk sebagai pemenang *Corporate Image Awards* selama tiga tahun penelitian secara berturut-turut, melaporkan laporan keuangan dalam mata uang rupiah, bukan mata uang asing, membuat laporan tahunan dan/atau laporan berkelanjutan selama periode penelitian, memuat informasi tentang kegiatan tanggung jawab sosial perusahaan dan tata kelola perusahaan. dan analisis data dilakukan dengan analisis regresi linear berganda menggunakan program SPSS. Hasil penelitian menunjukkan pengungkapan CSR berpengaruh signifikan positif terhadap reputasi perusahaan, ukuran dewan direksi berpengaruh signifikan positif terhadap reputasi perusahaan, keberagaman *gender* dalam dewan berpengaruh signifikan positif terhadap reputasi perusahaan, dan aktivitas dewan berpengaruh signifikan positif terhadap reputasi perusahaan.

Kata Kunci: Board of Directors; Gender; Corporate Social Responsibility Disclosure²; Corporate Governance²; Company's Reputation

Abstract—This study examines the effect of CSR and GCG disclosure on the company's reputation. Measurement of CSR disclosure refers to the 2016 GRI Standards. GCG is measured by proxy for the size of the board of directors, gender diversity in the board, and board activity. The research sample was 66 companies during 2018-2020 with the criteria of being public companies and releasing annual reports, not included in the financial sector companies, this was due to the characteristics of different business activities, regulations, and financial ratios, including being winners of the Corporate Image Awards for three years. consecutive years of research, reporting financial statements in rupiah currency, not foreign currency, make annual reports and/or sustainability reports during the research period, containing information on CSR and CG activities. and data analysis was performed with multiple linear regression analysis using SPSS program. The results show that CSR disclosure has a significant positive effect on the company's reputation, the size of the board of directors has a significant positive effect on the company's reputation, gender diversity in the board has a significant positive effect on the company's reputation, and board activities have a significant positive effect on the company's reputation.

Keywords: Board of Directors; Gender; Corporate Social Responsibility Disclosure; Corporate Governance; Company's Reputation

1. PRELIMINARY

Company's reputation describes view whole holder interest from something organization that is what it believes customers, employees, suppliers, managers, creditors, media and communities about organization and the relationships that are built between both. For accountants, reputation isn't an asset in the form of value fickle in the market. Reputation of good company is something credibility investment for long period.

Mechanism measurement reputation most recognized company until this moment is Charles Fombrun's Reputation Quotient (RQ). Research conducted by CJ Fombrun et al. (2000) found that there is combination of two influencing factors reputation, i.e emotional appeal and rational appeal. Beside it, Davies et al. (2003) suggested that rankings (ranks) still becomes main method to measure reputation. Rating system the best reputation known is from Fortune magazine, or also known as designation World's most admired companies. In Indonesia itself, the system rating reputation has also been applied, one of corporate image awards below the auspices of the Frontier Group. In methodology determine rating of company's reputation there is various criteria used, one of which is not quite enough to answer social. Main draft form not quite enough to answer social or CSR that is company and society each other related, then from that company should act for profit community (Tamvada, 2020). CSR arises in various form, start from gift help economy to community, giving training skills, up to effort production friendly product environment

However, it turns out no forever the effect of CSR vs straight with company's reputation. This could seen from moving company in drinking water supply in packaging. In advertisement products spread across various countries, the Company claims bottles used in products they made of from ingredients cycle repeat or called Plant Bottle. Product this is also accompanied symbol cycle repeat and also write that ingredients bottle that 30% comes from plants and completely could recycled repeat. Where in fact, PlantBottle actually made from base ordinary PET (polyethylene terephthalate) plastic which does not could unraveled with good in other organisms (Department Environment Long live BEM UI, 2020). Claim of care environment that is not in accordance with reality this should make reputation of the company shattered, but in reality that company got the permanent prestigious in industry up to this moment.



Reputation neither company free from governance role good company. The role present for overcome various problem happened in something company past various shape as audit committee, improvement transparency, existence commissioner independent, the composition and activities of the board, and so on . Through implementation of GCG, company expected could Upgrade mark from the company and more exist in the business world nor public general (Kusmayadi et al., 2015). Various GCG mechanism provides different impact to disclosure report continuity nor company's reputation.

Research conducted by Bravo et al. (2015) found the connection between company's governance characteristics to company's reputation, including independence and gender of the board, however board activity no influential. Musteen et al., (2010) stated that characteristics others, such as board composition, board size, and *director tenure* own influence positive reputation company, while leadership structure (separation CEO and chairman positions) influential negative. Existence difference results on research before give a meaning that CG characteristics influences different to company's reputation.

The Previous study found that CSR performance can be influenced positively to enhancement reputation companies (Esen, 2013; Margaretha & Isnaini, 2014). But Miras -Rodríguez et al., (2020) stated that CSR report no always affect reputation company. This thing push Researcher for see return does CSR have an effect in formation reputation company especially in Indonesia, considering CSR reporting already the more increasing in Indonesia especially since year 2017 after the issuance of POJK No.51/POJK.03/2017 regarding the 'Implementation ' Finance Sustainable for Financial Services Institutions, Issuers, and Public Companies' by the Financial Services Authority. together with that, this time 's research will also see influence inner board characteristics CG mechanism that is size, diversity, and activity of the board in formation reputation company by separated of CSR.

Based on description background behind so researchers try to formulate research's problem in this study that is : Does disclosure of CSR's report influence to reputation company ? ; Does size of the board of directors influence to company's reputation ? ; Does gender diversity members influence to company's reputation ? ; Does board activity influence to company's reputation.

2. RESEARCH METHOD

Disclosure social activity considered as part communication among company with holder interests (Handoko, 2014) to get legitimacy from the stakeholders interests. CSR disclosure is considered as factor important that improves reputation company good internally and externally (Bayoud & Kavanagh, 2012). Besides that, the CG mechanism is also assessed could becomes something signal, when company approach established ' ideal ' governance standards field institutional company will got legitimacy and reputational status (Musteen et al., 2010). Based on this framework, the following hypotheses can be formulated :

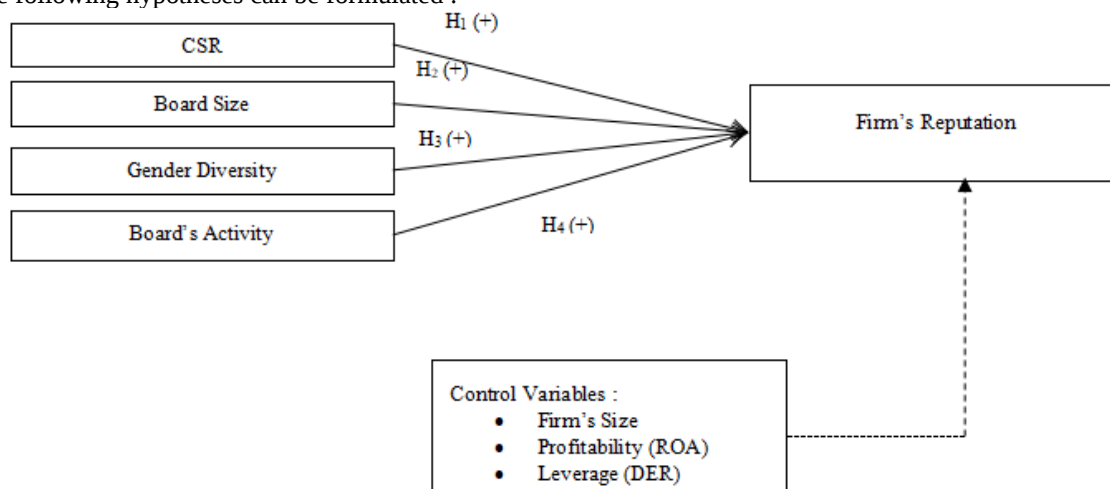


Figure 1. Conceptual Framework

H1: CSR disclosure has a positive effect on the company's reputation

H2: The size of the board of directors has a positive effect on the company's reputation

H3 : The presence of women on the board has a positive effect on the company's reputation

H4: The number of board meetings has a positive effect on the company's reputation

2.1 Stakeholder Theory

In 1984, Freeman argued that stakeholder theory emphasizes the responsibility of a company beyond economic or financial performance. To fulfill stakeholders' expectations, companies are motivated to disclose information related to their intellectual, environmental and social performance voluntarily. In the end, through stakeholder theory,



companies are expected to understand the stakeholders' environment, so they can help managers increase the value of company activities and reduce losses that stakeholders may face. (Freeman, 2015).

2.2 Company Reputation

Company's reputation owns various definitions, one of which is by C. Fombrun. That's the reputation of company is representation view to company by thorough on past actions as well as future prospects come to give something description power pull company the when compared with competitor primarily (Dowling, 2016).

2.3 Corporate Social Responsibility

One base of CSR is the concept of three bottom line or the usual abbreviated as TBL. Draft this first used by John Elkington in 1994. The TBL concept helps company to see not only mark the result of economy but also possible they combine social value and environmental, which may be will increase or decrease evaluation from their activity (Žak, 2015).

2.4 Good Corporate Governance

Corporate governance defined as a series of systematic processes for objective management, direction, and lead company so that could increase company's value and company's business sustainability (Kusmayadi et al., 2015).

2.5 Sample and Data

Purposive Sampling Method chosen to carry out the selection process sample in study this study. This method used the certain consideration, for example element the own information certain required researcher or because they fulfil criteria that have been set researchers (Sekaran & Bougie, 2016). Because of that, some criteria set to take samples :

1. The public company and release annual report (period end every 31 December).
2. Not belong to as finance sector, because characteristics of business activity , regulation , and ratio for finance sector are different .
3. Including as winner Corporate Image Awards during three year consecutively, namely 2018-2020.
4. Release financial reports in rupiah currency, not foreign currency.
5. Release annual report and or sustainability report during year 2018-2020 includes information about activity of corporate social responsibility and corporate governance.

Data for study this obtained from secondary data that has been collected previously by party outside for other interests outside objective research this time. So that the hypothesis has been formulated could be tested , i.e influence variable disclosure corporate social responsibility, the size of the board of directors , gender diversity on the board, and the board 's activities towards reputation company , then formulated empirical model as following :

$$(REP)_{i,t} = \alpha_0 + \alpha_1(CSRI)_{i,t} + \alpha_2(BOD_SIZE)_{i,t} + \alpha_3(BGD)_{i,t} + \alpha_4(B_MEET) + \alpha_5(SIZE)_{i,t} + \alpha_6(LEV)_{i,t} + \alpha_7(ROA)_{i,t} + e_i \quad (1)$$

Where:

- REP = Company Reputation (dependent variable);
 CSRI = Total disclosure *corporate social responsibility* (Independent variable);
 BOD_SIZE = Size of the board of directors (independent variable);
 BDG = Gender diversity in the board (independent variable);
 BOC_MEET = Amount inner council meeting one year (independent variable);
 SIZE = Size company (control variable).

2.6 Definition Operational Variable

2.6.1 Dependent Variable

Company's reputation chosen as variable dependent in study this. Measurement reputation company will use score from *Corporate Image Award* organized by Frontier Group. Score score accessed via the official [website www.imacaward.com](http://www.imacaward.com) . Methodology used to determine CII score is with conducted a survey of 3,000 respondents on four criteria namely *quality* (quality), *performance* (performance), *responsibility* (responsibility) responsibility, and *attractiveness* (power pull). Measurement this referring to research Jao et al. (2020).

2.6.2 Independent Variable

1. Corporate Social Responsibility Disclosure

Measurement variable disclosure *corporate social responsibility* will use framework issued by the *Global Reporting Initiative (GRI)*. Framework this chosen because rated as the most developed framework in Indonesia and referring to the method used by Pramesti & Budiasih (2020), Widhyadanta & Widanaputra (2019). However, research this using the 2016 GRI Standards more new compared to with study previously used GRI G.4 (2013) standard. Measurement done with share total indicator disclosure company with total total indicator needed disclosed according to GRI, or as formulated as :



$$CSRI = \sum X_{ij} / N_j \quad (2)$$

Description :

$CSRI_j$ = Index disclosure corporate social responsibility j . company

N_j = Total indicator need disclosed company according to GRI Standards 2016, where $N_j = 247$ (score max)

X_i = Total CSR disclosure, a score of 1 is awarded if disclose indicator, a score of 0 is given if no disclose indicator.

2. Good Corporate Governance

For measuring Good Corporate Governance in research this proxied with use three indicator namely:

a. Size of the Board of Directors.

Measurement variable this done with see the number of boards of directors listed in report annual company. Measurement this referring to the measurements by Musteen et al. (2010), or formulated b:

$$\text{Size of the Board of Directors} = \text{Members of the Board of Directors} \quad (3)$$

b. Gender Diversity in the Council

Gender diversity in the board is measured with see percentage woman compared with a total board (by whole) of report annual company. Measurement this adopt way of Bravo et al. (2015), which was formulated as:

$$\text{Gender Diversity} = \text{Female Members of The Board} / \text{Company's Board} \quad (4)$$

c. Board Activities

Board activity measured as total whole a meeting held by the council in one year (Bravo et al., 2015; Fanani & Alfiyanti, 2020), or formulated as :

$$\text{activity} = \text{Board Meeting in One Year} \quad (5)$$

3. Control Variable

This study used three control variable namely :

a. Company Size

Measurement variable this done with logarithm naturalize total assets from company (Miras -Rodríguez et al., 2020), or formulated as :

$$\text{Size} = \ln(\text{Total Assets}) \quad (6)$$

b. Leverage (Debt to Equity Ratio)

leverage ratio is something judging measure ability something company in effort fulfil obligation his finances. one leverage ratio is debt-to-equity being measured with dividing total liabilities to total equity (Hall Jr. & Lee, 2014), or which can be formulated as :

$$\text{Debt to Equity Ratio} = \text{Total Liabilities} / \text{Amount Equity} \quad (7)$$

c. Profitability (ROA)

Ratio profitability measure level success or failure something company in period certain. Measurement whole profitability from asset could done with calculate return on assets (ROA) (Kieso et al., 2014). The ROA ratio is formulated as following :

$$\text{ROA} = \text{Profit Clean after Tax} / \text{Total Assets} \quad (8)$$

3. RESULTS AND DISCUSSION

Table 1. Statistical T-Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.600	.610		-.983	.327
Lag_CSRi	.775	.444	.127	1,746	.082
Lag_BOD_SIZE	.105	.022	.330	4.823	.000
Lag_BGD	.879	.328	.168	2,681	.008
Lag_B_MEET	.007	.003	.199	2,626	.009
Lag_SIZE	.044	.043	.087	1.039	.300
Lag_DER	-.006	.011	-.032	-.532	.596
Lag_ROA	-.044	.254	-.010	-.174	.862



Based on Table 1. equations multiple linear regression written as following :

$$\text{REP} = -0.6 + 0.775(\text{CSR}_i) + 0.105(\text{BOD_SIZE}) + 0.879(\text{BGD}) + 0.007 (\text{B_MEET}) + 0.044(\text{SIZE}) - 0.006(\text{DER}) - 0.044(\text{ROA})$$

Hypothesis test as presented in table 1 shows disclosure of corporate social responsibility (CSR_i) has a level significance of 0.041 or 4.10% (one-tailed) with the value of is 0.775. This result implies that CSR disclosure influences positively to company's reputation at 5% significance level. Does, H₁ from this study is accepted. The more disclosure of CSR items will give impact in the form of enhancing company's reputation. This is because CSR is assessed as a transparency signal to the stakeholders's interests, one of them is a potential investor. Legitimacy theory also states company with better performance (good from aspect economy or non- economic) will more pushed to disclose more information (more transparent) will overview their company's performance. This result supports the previous research (Esen, 2013; Margaretha & Isnaini, 2014; Widhyadanta & Widanaputra, 2019)

Table 1 shows hypothesis test results that the size of the board of directors (BOD_SIZE) has a level significance of 0.000 with the value of is 0.621. This result shows that size of the board of directors influences positively to company's reputation at 5% significance level. Does, H₂ from this study is accepted. Bigger size of the board of directors means the more source power man in it. More and more members will increase awareness of company's reputation is an important aspect that should be necessary to managed. Awareness this appear because existence of background diversity every member on a board of directors whose size bigger, so more capable accommodate a lot of different perspectives too. This research results supports research conducted by Kaur & Singh (2018), and Orozco et al., (2018) which states that the size of the board of directors influences positively to company's reputation.

Table 1 shows hypothesis test results that the gender diversity (BGD) has a level significance of 0.004 (one-tailed) with the value of is 0.879. This result shows that gender diversity influences positively to company's reputation at 5% significance level. Does, H₃ of this study accepted. Gender equality has been becomes important issue in the business world in terms of internal perspective, women tend own background behind diverse education and work compared to male, other than that, women are also judged more participatory deep and sensitive to issues that can affect taking decision activity of company's operational. This result unidirectional with the research of Bravo et al. (2015) and Margaretha & Isnaini (2014).

Table 1 shows hypothesis test results that board activity or frequency board meeting (B_MEET) has a level significance of 0.0045 (one-tailed) with the value of is 0.007. This result shows that influences board activities positively to company's reputation at 5% significance level. Does, H₄ of this study accepted. The result give the meaning that the more often the board does meeting, company's reputation would be better. From the side of the board of commissioners, the more often done meeting, the board can evaluate performance from various divisions in the company with more intensive and functional board oversight of management also improved. Besides function surveillance, the increasing of meeting frequency also allows the board of directors faster in solve existing problems and lead to the effectiveness and efficiency of the board in guard continuity one of the efforts improvement and management reputation (Fanani and Alfiyanti, 2020).

4. CONCLUSION

Over a series of research and analysis carried out , withdrawn something conclusion that Disclosure corporate social responsibility influential positive significant to reputation company so that H₁ accepted ; Board of directors size influential positive significant to reputation company so that H₂ accepted ; Board gender diversity (proportion woman in the board) influential positive significant to reputation company so that H₃ accepted ; Board activities (board meetings) are influential positive significant to reputation company so that H₄ accepted .

As for the results of this study could give a number of implication for various users, including for readers and researchers next, hope whole study this could give contribution to expansion insight and knowledge by special for topic reputation companies that are still seldom discussed in Indonesia. For company, hope through study this company could realize benefit from disclosure corporate social responsibility as well as composition proper corporate governance, where in study this find that give influence positive to enhancement reputation company.

This study no escape from limitations, research data of this study hasn't done separation of the board of directors and commissioners for gender diversity variable of board's members and board's activities, even though Indonesia has system two-tier board so that there is difference duties and responsibilities answer between the board of directors and commissioners. This separation hasn't done because the data for gender diversity of the board will not e good enough if only see one of the boards remember still at least existence woman on boards in Indonesia; Data for total separate board meeting could served by combined with data for total joint board meeting.

Researcher recommend a number of thing for next researcher that interested with similar topic study could be carried out in the certain sector by more specific to get results better, here caused there is different impact for every sector to environmental issue, social, and economic. Next study can add period time more than three years ; study with CSR variables can be consider quality of disclosure not only total disclosure ; study with corporate governance with other proxies not yet researched in study this as diversity of the board of background behind education , independent board composition , reputation level peak management , and so on ; study with score of company's



reputation could use score besides corporate image award with hope score used for whole company not for each company's product.

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