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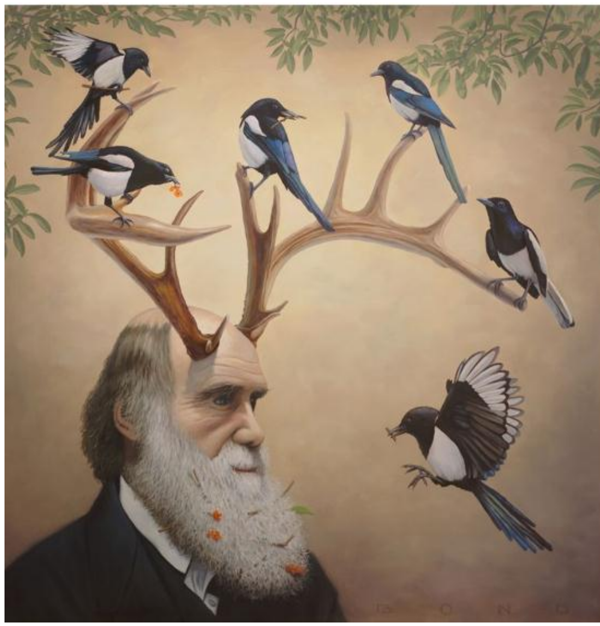

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The Effect Composition of Board and Ownership Structure on Corporate Social Responsibility Disclosure: Evidence From Concentrated Ownership Companies

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Abstract

Corporate governance in the concentrated ownership context is becoming an increasingly growing discussion. The one important approach to achieving good of corporate governance for sustainable development is sustainable corporate practices which are a focus on the composition of the board and structure of the ownership. This research investigates empirically the impact of board composition and also ownership structure on the disclosure of Corporate Social Responsibility (CSR) at concentrated ownership companies context. Sample study used the manufactring listed companies in Indonesia Stock Exchang, and selected with purposive sampling. Data analysed with multiple linear regression method. The findings reveal that the board composition is reallysignificantly effect the CSR disclosure. Meanwhile, the independent of commisioners insignificant on CSR disclosure. The other finding reveals that ownership structure would be influence the level of CSR disclosure on concentrated ownership context, except existence the institutional ownership that found not influence on CSR disclosure.

Keywords: Board composition, Ownership Structue, Corporate Social Responsibility (CSR)Disclosure

La Composición Del Efecto De La Junta Y La Estructura De Propiedad En Divulgación De Responsabilidad Social Corporativa: Evidencia De Empresas De Propiedad Concentrada

RESUMEN

El gobierno corporativo en el contexto de propiedad concentrada se está convirtiendo en una discusión cada vez más creciente. El único enfoque importante para lograr el buen gobierno corporativo para el desarrollo sostenible son las prácticas corporativas sostenibles que se centran en la composición de la junta y la estructura de la propiedad. Esta investigación investiga empíricamente el impacto de la composición del directorio y también la estructura de propiedad en la divulgación de la Responsabilidad Social Corporativa (RSC) en el contexto de las empresas de propiedad concentrada. El estudio de muestra utilizó las empresas cotizadas de fabricación en Indonesia Stock Exchang, y se seleccionó con muestreo intencional. Datos analizados con el método de regresión lineal múltiple. Los resultados revelan que la composición de la junta realmente afecta significativamente la divulgación de la RSE. Mientras tanto, la independencia de los comisionados insignificantes en la divulgación de la RSE. El otro hallazgo revela que la estructura de propiedad influiría en el nivel de divulgación de CSR en el contexto de propiedad concentrada, excepto la existencia de la propiedad institucional que no encontró influencia en la divulgación de CSR.

Palabras clave: composición del directorio, estructura de propiedad, divulgación de responsabilidad social corporativa (RSC)

1. Introduction

The discussion about corporate social responsibility has growed up dramatically in the last decade. [1] in Forbes magazine documented that corporations were funding social investments and embracing businesses that have a social impact with the aim of showing real value to the company and socially. In connection with this trend, the company has a Corporate Social Responsibilty (CSR) policy to increase the involvement of companies with social impacts. Stakeholders also demanding that businesses exceed their desired profit targets and are socially responsible to the public

[2][3] CSR contributes to a better management reputation by understanding the company's CSR practices [4], as well as increasing company finances, increasing the ability of businesses to attract and add to the company's market value [5]. Overall it will increase competitive advantages and company reputation [6][7].

Currently, companies concerning and spending a great deal of effort on disclosure conjuction with CSR disclosure. Companies more contribution to sustainable development to requirment of CSR disclosure. It showed that an increasing correponding and CSR (media) campaings [8]. In Indonesia, CSR is regulated under the authority of IAI in Finance Accounting Standards Satatement No.1 article 9. "Firms submit additional statements including the environmental and statements that have value added, especially for those industries where the factors o environmental played a key role as well as for industries that view employess as important user statement. Furthermore, CSR disclosures found in the Capital Market Regulatory Agency (BAPEPAM).

Moreover, the issue of good corporate governance became more prominent in recent years. Board composition became the major component of corporate governance mechanism in the company [9]. The board have an authority to decide on company policy, management and also company strategy. [10] conducted a survey study of corporate governance systems in several countries in the world that found that companies in countries other than America and the United Kingdom had a concentrated shareholding structure (large investors) that are usually owned by institutional investors. They stated that the advantages that can obtain from the concentration of ownership are relatively greater in developing countries, where ownership rights are still not well defined and are not well protected by the justice system. The study of [11][12] shows that such ownership characteristics are found in countries in East Asia. One important aspect of the two ownership structures according to [13], namely the level of concentration of ownership or concentration of ownership of companies that will determine the distribution of power between managers and shareholders. When company ownership spreads, owner control tends to be weak because of weak monitoring (monitoring), which causes no oversight of the actions of managers. If ownership is concentrated, large shareholders can play a role in management oversight.

[10] state that large owners can supervise because they can obtain information and monitor management and have voting rights to pressure management in some cases. Particularly shareholders with more than 51% own-

ership will have direct control rights over the company's management. In this study observation taked using Indonesia companies. This reason according to the evidence because of Indonesia that listed in Indonesian Stock Exchange (IDX) majority have a structure concentrated ownership [14]. Concentration of ownership, besides being profitable also has the potential to cause losses. If ownership concentrated is increasing, shareholders will represent their interests, which may differ from those of other investors, workers and managers. The second potential loss is that shareholders will bear a large risk because ownership is not diversified. The one important approach to achieving corporate goals for sustainable development is sustainable corporate practices which are focus on the composition of the board. Literature shows that the composition of the board influences the company's financial performance. However, the relationship between the composition of the board and the company's sustainability practices as measured by CSR practices needs to be tested empirically, especially on companies that have majority ownership that has a large risk.

Several previous studies have an inconclusive result. Previous studies empirically examine the relationships board composition and ownership structure on CSR disclosure [15] and [16] examines corporate governance mechanism by measuring the composition of the board composition for CSR disclosure. The findings show that the board size of commissioner, audit Committee size, managerial ownership, foreign ownership affect to CSR disclosure. Others literature provided emipirically evidence that a significantly and positive relationship between managerial ownership, insttutional ownership and foreign ownership on CSR disclosure [17][18] Conversely, [19] found that board of commissioner size, board of commissioners independence, boar size of audit committee, audit committee competence, managerial share ownership, institutional share ownership, and foreign share ownership not effect to the CSR disclosure. Likewise, [20] found that a significanly negative relationship between institutional ownership and foreign ownership on CSR disclosure.

This research generates new ideas for testing the relationship in a more specific context. The study focus on primary companies concentrated ownership in Indonesia due to indicate huge potential policy in CSR practice. Based on discussion above showed that mix finding, for this argumentation this studi seek to exemine board composition, ownership and profitability related to CSR disclosure. Therefore, the purpose of this study to empirical examines the effect of the composition of the board and ownership on CSR disclosure on concentrated ownership context.

2. Literature Review

a. Concentrated Owership Structure

Acroding to [21] documented that in East Asia countries, there is the prevalence of weak corporate governance in the five worst-affected countries, as a result of highly concentrated ownership structure, that is Indonesia, Malaysia, Philippines, Thailand and Republic of Korea. [10] conducted a survey study of the systems of Corporate Governance (CG) in several countries in the world that found that ownership concentration, in addition to being profitable also had the potential to cause harm. If ownership is increasingly concentrated, shareholders will represent their own interests, which may differ from those of other investors, workers and managers. The second potential loss is that shareholders will bear a large risk because ownership is not diversified. If ownership concentrated, large shareholders or large shareholders can play a role in management oversight. Large owners can exercise oversight because they can obtain information and monitor management and have voting rights to pressure management in some cases. Particularly shareholders with more than 51% ownership will have direct control rights over the company's management [10]. A company with the highy concetrated ownership may reduce the effectiveness of the important corporate governance mechanisme, such as controlling system the company, shareholder protection, the role of the board directors, shareholder participation by means of shareholder voting, transparency, and also disclosure [14].

b. Board of Composition and CSR Disclosure

Board composition plays a crucial role in sustainability reporting. Numerous of previous sistematic literature review by authors [22] [23] (Siregar & Bachtiar, 2010; [20] strogly suggest that board composition influence on CSR disclosure reporting. [10] conducted a survey study of systems CG in several countries in the world that found that ownership concentration, in addition to being profitable also had the potential to cause harm. If ownership concentrated increasingly, shareholders would represent their interests, which may differ from those of other investors, workers and managers. The second potential loss is that shareholders will bear a large risk because ownership is not diversified. If company have ownership concentrated, large shareholders can play a role in management oversight. Large owners can exercise oversight because they can obtain information and monitor management and have voting rights to pressure management in

some cases. Particularly shareholders with more than 51% ownership will have direct control rights over the company's management [10].
The board of commissioners are the mechanism that carries out the highest internal control, which is responsible conducted the monitoring management actions. Through the role of monitoring by the Board of Commissioners, the company can run under applicable regulations and its continuity can be guaranteed [24]. Thus, associated with information disclosure by the company, the greater the size of the Board of Commissioners, the composition of experience and expertise (experience and expertise) owned by the Board of Commissioners is increasing, so that it can carry out monitoring activities better [25]. This evidances means that the more size of the commissioners board in a company, the monitoring will run well and the disclosure made by the company pertaining to social responsibility will be more extensive. Thus, the hypotesis developed as follow:

Hypothesis 1: Board size of commisioners has positively effect to CSR Disclosure on concentrated ownership companies

Existence an independent of commissioners in companies Indonesia regulated by BAPEPAM provisions and Indonesian Stock Exchange Regulation No. 1-A dated July 14, 2004. Based on the regulation, the minimum number of Independent Commissioners is 30%. This provision influences the control and supervision of management in the company's operations, including disclosure of corporate social responsibility. Application of control and supervision of management by an independent commissioner is when management does not carry out activities that are following predetermined achievements and other activities that can have a positive impact on the company's sustainability in the future. The activity in question is the implementation and disclosure of CSR activities. Independent Commissioners can conduct supervisory and control activities towards CSR disclosure [26]. While, [19] and [16] empirically proves the independent of commissioners insigniicant influent on CSR Disclosures. Line with [27] reveal that on dispearsed ownership structure show the higher of sustainability report, moreover CSR disclosure is lower on the company with higher number of independent of directors. However, on the concentrated ownershipcompan, it probably a disparate result. It means the existence independent of commissioners influence the decision making regarding the CSR disclosure. Based on discussion above, a hupotesis developedas follow:

Hypothesis 2: Independent of commisioners has positively effect to CSR Disclosure on concentrated ownership companies

The number of the Audit Committee must be adjusted to the complexity of the company while taking into account effectiveness in decision making. The Audit Committee is an effective tool for conducting oversight mechanisms, and improving the quality of corporate information disclosure. Therefore, it expected that with the increasingly large audit committee Size, the supervision conducted will increase [19] Thus, the large of the audit committee size, it would be increasing the effectiveness of management supervision and support increasing the CSR disclosure. The discussion takes a hypothesis as follow. The discussion carries the following hypotheses:

Hypothesis 3: Audit Committee has positively effect to CSR Disclosure on concentrated ownership companies

Generally, both of the existence audit committee and independent of audit committees be liable on quality of financial reporting quality as the part of mechanism on CG to protect the company shareholders. The mechanisms expected maintain the financial statement companies and ensuring the firm complies the regulation of mandatory disclosure [28] Empirical evidence also state that firms with extensive disclosures are likely to be more informative [29]. Indepedent audit committee is one of CG mechanism is expected more effective monitoring of management behavior and also mitigate the managerial opportunism. While, [30] proven that independent of audit committee insignificantly effect on the level of disclosure. [14] also finds that the relationship between independent of audit committee and disclosure is insignificant. Therefore, this study consistent with previous research that independent audit committee more effectively monitor and disclose if they have expertise in accounting and financial. This study line with theory which expected positively influence the relationship independent of audit committee and CSR disclosure. The hypothesis of this study is as follows:

Hypothesis 4: Independent of audit committee has positively effect to CSR disclosure on concentrated ownership companies
Managerial ownership used as an effort to reduce agency conflicts by miti-

gate conflict interest the managers with ownership [19]. According to [31] argue that companies with large Institutional Ownership are better able to monitor management performance. Institutional investors have the power and experience and are responsible for implementing the principles of corporate governance to protect the rights and interests of all shareholders so that they require companies to communicate transparently. Thus, institutional ownership can increase the quality and quantity of voluntary disclosure. This means institutional ownership can encourage companies to increase CSR disclosure in Concentrated companies. The discussion carries the following hypotheses:

Hypothesis 5: Managerial ownership has positively effect to CSR disclosure on
concentrated ownership companies

Many previous sudies conducted investigation relationship between institutional ownership and CSR disclosure level. [32] and [17] briefly give evidence that positively significant relationship between institutional ownership and CSR disclosure level. [20] gives empirical evidance that the percentage of institutional ownership has a significantly effect on CSR disclosure level, while the effect is negative sign. The hypothesis of this study is as follows:

Hypotesis 6: Instituational ownership has positively effect to CSR disclosure on concentrated ownership companies

Companies which have foreign ownership tend to provide broader disclosures than those that do not [16]. [32] also states that the greater percentage of foreign ownership effects the number of CSR Disclosure. These are due to several reasons. First, foreign companies, especially from Europe and America, are more familiar with the concepts of CSR practice and disclosure. Secondly, foreign companies would get better training in accounting from overseas holding companies. Third, the company probably have a more efficient information system to meet the internal needs and needs of the parent company. Fourth, the possibility of greater demand for foreign-based companies from customers, suppliers, and the general public [33] The findings contrarily with [20] which shows insignificantly influence foreign ownership with CSR disclosure. Based on the mix findings above, the hypotesis proposed as follows:

Hypotesis 7: Foreign ownership has positively effect to CSR disclosure on concentrated ownership companies

Many previous studies [23] [20] and [27] have proven the relationship between board composition and ownership structure to CSR disclosure. The investigation of this relationship motivated by various theories, these including the theory of sustainability development while explaining the sustainability of corporate reporting, stakeholder theory as a view to meet the interests of various parties involved with the company. However, the results rom previous research is still inconclusive results. One of the reason is the different research contexts that lead to different findings. Therefore, this research examines the relationship between board composition and ownership structure on CSR disclosure in the context of companies that have concentrated ownership. The arguements is because large owners can expropriate small owners. Based on this discussion, the following hypothesis proposed:

Hypotesis 8: Board Composition and ownership structure have positively effect to CSR disclosure on concentrated ownership companies

3. RESEARCH METHOD

A. Data and Sample

Data in this study obtained from manufacturing companies listed on the Indonesia Stock Exchange (IDX) or www.idx.co.id. Sampel this study drawn from manufacturing companies were have disclosed Corporate Social Responsibility (CSR) reporting which listed on the Indonesia Stock Exchange (IDX) in 2014-2018 (5 years). The study adopted purposive judgment sampling, with the following selection procedures:

Table 1. Sample Selection Procdures

Total number of manufacturing companies registered on the Indonesia Stock Exchange for the period 2014-2018	186*
(-) Manufacturing companies that delisted during the observation period	(8)
(-) Manufacturing companies that switch business sectors during the observation period	(2)
(-) Manufacturing companies that do not have a majority ownership	(54)
(-) Companies with goverment ownership	(2)
(-)Companies incomplete financial report and annual report publised during the observation period	(14)
(-) Companies with not completly data related to variabel used this study	(42)
Total Sample	64
Total Observation (5 years x 64 companies)	**320**

* *Sumber : www.idx.co.id*

Table 1 provides sample selection procedures. The sample study obtained 64 manufacturing companies and total sample study are 320 observations used for the analysis.

b..Variable and Measurement

The variables in this study includes dependent variable, independent variables and control variable, are:

Table 2 Summary of Variabels and Measurement

Variables	Measurement	Prevalling Literature
Dependent Variable:		
Corporate Social Responsibility Disclosure (CSRD)	CSR *Index* measured by comparing with the number of disclosures required in Global Reporting initiative (GRI) covering 79 items of disclosure. If the specified information item in an annual report disclosed is given score of 1, and if the information item not disclosed is given a score of 0. Calculation of CSR Disclosure Indexs (CSRI) is formulated as follows: *CSRI = Number of items disclosed / 79*	[34] [19] [35]
Independent Variabels:		
Board Size of Commisionners (BOC)	The number of members the commissioners board in a company referred to in the annual report	[14][16]
Independent Commisioners (INAC)	Percentage the number of commissioners independence by number of total commisioners board	[16][36]
Audit Committee Size (AC)	The number of audit committee member in the annual report	[14][36][27]
Independent of Audit Committee (INAC)	Percentage between the number of Audit Committee independence compared to the total of audit committee member	[14] [16]
Managerial Ownership (MGO)	The percentage of the number of shares held by management, affiliated commissioners (excluding independent commissioners), and directors divided by the total number of shares outstanding	[15][16][27]
Institutional Ownership (INO)	Percentage the number of shares held by institutional divided by the total number of shares outstanding.	[17][20]
Foreign Ownership (FGO)	Measured by the ratio or percentage of the number of shares owned by foreign parties to the total shares outstanding. Foreign ownership in this study uses a percentage ratio of foreign ownership.	[17][18]
Control Variables:		
Size (SIZE)	the natural logarithm of total assets	[14][16]
Leverage (LEV)	the ratio or percentage of liabilities devided by total equity	[14][16]

c. Analysis Method

The analysis method used to exemine all the hypotheses using multiple linear regression analysis using the following formula:

Model A: Hypoteses testing for H1, H2, H3 and H4:

$$CSRD_i = \beta_0 + \beta_1 BOC_i + \beta_2 INDC_i + \beta_3 AC_i + \beta_4 INDAC_i + \beta_5 Size_i + \beta_6\, Lev_i + \varepsilon_i \text{..(1)}$$

Model B: Hypotesis testing for H5, H6, H7:

$$CSRD_i = \beta_0 + \beta_1 GO_i + \beta_2 INSO_i + \beta_3 FRO_i + \beta_4 Size_i + \beta_5\, Lev_i + \varepsilon_i \text{........................(2)}$$

Model C: Hypotesis testing for H8

$$CSRD_i = \beta_0 + \beta_1 BOC_i + \beta_2 INDC_i + \beta_3 AC_i + \beta_4 INDAC_i + \beta_{5M} GO_i + \beta_6 INSO_i + \beta_7 FRO_i + \beta_8 Size_i + \beta_9\, Lev_i + \varepsilon_i \text{.....(3)}$$

Where:

CSRDi = CSR Disclosure
BOC = Board size of Commisioners
INDC = Independent of Commisioners
AC = Board Size of Audit Committee
INDAC = Independent of Audit Committee
MGO = Managerial Ownership
INSO = Institutional Ownership
FRO = Foreign Ownership
SIZE = Size
LEV = Leverage
β1,, β8 = Coeffecient Regression
ε = error item
i = 1,2,..., N, the total of observation

d. Research Framework

This study investigates the effect composition of board and the structure of ownership on CRS disclosure in the context of ownership concentrated in the annual report with control size and leverage variables.

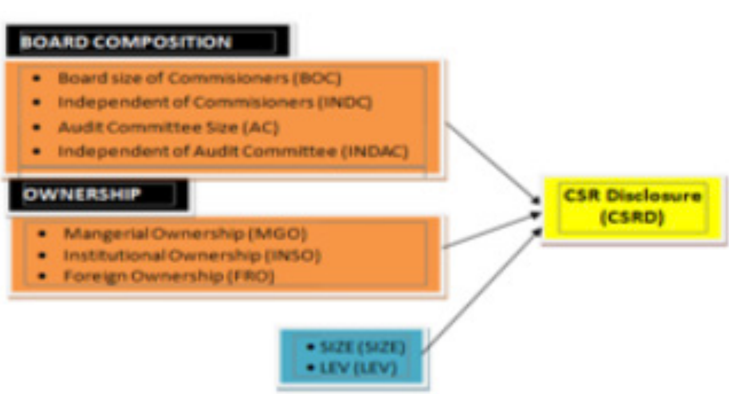

Fig.1 Research Framework

4.FINDINGS AND DISCUSSION

a. Descriptive Statistics

Tabel 3 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BOC	320	4.00	11.00	4.7063	2.54624
INDC	320	3.00	8.00	3.5421	1.14117
AC	320	.33	.25	.2739	.01698
INDAC	320	3.00	4.00	3.1200	.13994
MGO	320	.00	.05	.0195	.01636
INSO	320	.16	.75	.4195	.01836
FRO	320	.07	.57	.3481	.12597
ROE	320	.01	.31	.1743	.08627
Size	320	4.00	14.00	9.2750	.02433
Lev	320	.20	3.00	1.2188	.79248
CSRI	320	.15	.75	.3532	.15556
Valid N (listwise)	320				

b. Result Board Composition and Ownership Structure to CSR Disclosur

Before conducting the analysis, the previous several tests of classic assumptions analysis have done. One of the tests of classical assumptions using the kolmogorov-smirnov method underlying the test of normality distributed. The result shows that the data normally distributed and it man that the test with reggresion for analysis would continue. The result of regression for each model, shown in the table below:

Tabel 4 Multiple Regression Result Board Composition and Ownership Structure on CSR Disclosure

(1) CSRDi = β0 + β1BOCi + β2INDCi + β3ACi + β4INDACi + β5Sizei + β6 Levi + εi
(2) CSRDi = β0 + β1GOi + β2INSOi + β3FROi + β4Sizei + β5 Levi + εi
(3) CSRDi = β0 + β1BOCi + β2INDCi + β3ACi + β4INDACi + β5MGOi + β6INSOi + β7FROi + β8Sizei + β9 Levi + εi

	MODEL A (1)		MODEL B (2)		MODEL C (3)	
	Coeff	*p-value*	Coeff	*p-value*	Coeff	*p-value*
BOC	2.135	.006**	-	-	2.804	.003**
INDC	.784	.075	-	-	2.525	.002**
AC	2.571	.004**	-	-	1.925	.009**
INDAC	-.2.061	.013*	-	-	-2.563	.019*
MGO	-	-	-2.517	.025*	-2.298	.032*
INSO	-	-	-.624	.214	-.565	.149
FRO	-	-	-2.546	.018*	-2.246	.016*
Size	2.738	.017*	2.634	.013*	2.220	.008**
Lev	-.603	.223	-.014	.487	-.422	.504
R square		0.43		0.33		0.40
Adj R square		0.38		0.26		0.35
F- Stat		0.000***		0.001**		0.000***
Observation		320		320		320

a. Dependent Variable: CSRD

*b. *,**,***, denoted significance at 10%, 5%, 1% respectively*

Table 4 provides analysing the effect of composition board and structure of ownership on disclosure of CSR for the five years observation in the concentrated ownership context. These result conducted three models. Model A which examined the relationship between board composition consist of (BOC), (INDC), (AC) (INDAC)) with CSR disclosure. Meanwhile, Model B which examined the relationship between ownership structure, consist of (MGO), (INSO), (FRO) with CSR disclosure. The third or Model C examines relationship both of board composition with structure of ownership on the CSR disclosure.

Hypothesis 1 (Model A), which expected that the board size of commissioners has impact to CSR disclosure in concentrated ownership companies. These results support the alternative hypothesis which indicates that there is a positive significantly relationship between the board size of commissioners and CSR disclosure. The p-value showed 0,006 it less than 0.05. This result means that concentrated companies have an impact on the size of the Board size of Commissioners for CSR Disclosure. This research is line with study which conducted by [38]. It means that the higher members of the commissioners board in a company, disclosure on the social responsibility made by the company will be more extensive.

Hypothesis 2 (Model A), which predicted that the independent commissioner board has a positively significant effect on CSR Disclosure on concentrated ownership companies context. The finding showed that no supporting the hypothesis, with a significance level of 5%. Statistical test results showed that p-value 0.075 or above 0.05. It means that insignificant influence the existence of independent commissioners on the CSR disclosure in concentrated ownership companies. The results of this study are consistent with previous research conducted by [16] which states that the Independent Commissioners does not significantly influence the extent of CSR disclosure. This result explains that condition possible because of the ineffective selection and appointment of Independent Commissioners [39]. It is an important issue or issue, that many members of the Board of Commissioners do not have the ability, and cannot demonstrate their independence or are not truly independent, so that the supervisory function cannot function properly [40]. As such, the existence or Independent Board of Commissioners cannot influence the decision making regarding CSR disclosure in concentrated companies.

Results of hypothesis 3 (Model A), which expected that the audit committee size has a positive effect on CSR disclosure in concentrated ownership companies. According to result on Table 4 showed that empirically there is a significant effect on the size of the Audit Committee on CSR Disclosures in concentrated ownership companies with a significance level of 5%. Significance results obtained are smaller than 0.05 which p-value 0.004. This result provides the empirical evidence that the number of members of the audit committee will influence the disclosure of CSR in a concentrated company, because it can make an effective oversight mechanism for company management. This research is line with previous research conducted by [16] They found a positive and significant relationship between the size of the Audit Committee with the company's CSR Disclosure. The greater the number of the Audit Committee it will be extent the company's CSR Disclosure, due to the higher number of the audit committee, the role of controlling and monitoring activity the top of management by audit committee will be more effective. This resulted in the company's CSR disclosure becoming more widespread.

Based on the results of hypotesis 4 (Model A), which expected that the audit committe independence has a positively effect on CSR disclosure in concentrated companies. The empirical evidence reveals that it supports the hypothesis or significantly at the level of 5%. Statistical test results showed the p-value 0.013 less than 0.05. This result means that the independent committee audit significantly affected CSR Disclosures in concentrated companies. It happens because the independent audit committee would make an effective oversight mechanism on company management. Besides, the more of number the independent audit committees it would be extent the company's CSR Disclosure

Hypothesis 5 (Model B), which examined that managerial ownership a positively effect on CSR dislosure in concentrated ownership companies context. According to Table 4, the statistical test results presented there is a significant effect of Managerial Ownership on CSR Disclosures with a significance level of 5%. Significance results obtained are less than 0.05 which is p-value 0.025. Therefore, the evidence provides that the percentage of company shares owned by managers affect CSR Disclosures in concentrated ownership companies. The results of this study are consistent with the results of previous studies conducted by [41] and no line with [16]. This result shows that the company conducting CSR disclosures is influenced, among others, by the ownership of company management. A positive relationship means that the greater the managerial ownership in the company, it wold be greater the possibility of the company in making CSR Disclosures.

Hypothesis 6 (Model B), which examined the effect of Institutional Ownership and CSR disclosure in a concentrated ownership companies context. The finding showed that no supporting the hypotesis or no significantly effect the Institutional Ownership on CSR Disclosures in concentrated ownership companies on the significance level of 5%. Statistical results show that empirical evidence rejects the hypothesis with a p-value 0.214, it greater than 0,05. It means that the existence of institutional ownership not affect on CSR disclosures in concentrated ownership companies which presented in the annual report. The findings of this study are line with previous evidence conducted by [19] and [26]. They stated that institutional ownership insignificantly affects on CSR Disclosure, because of more companies shares are owned by institutions, they could intervention and regulae the process of financial statements preparation. This condition certainly the managers are become take certain actions in order to meet the desires of certain parties, including owners [35]. Thus, if the Institutional Ownership in a company is increasingly large, then it only maximises personal profit, regardless of its responsibilities to other stakeholders.

The result of Hypothesis 7 (Model B), which examined the relationship between foreign ownership on disclosure of CSR in a concentrated company context. Based on the result in Table 4, foreign ownership shows a significantly effect on CSR Disclosures in concentrated companies, the significance of the results obtained is less than 0.05 which is p-value 0.018. However, this relationship showed that the sign is negativel effect. It means that, a large percentage of foreign ownership will affect CSR disclosures in concentrated ownership companies. This research is line with previuos research like [33] which stated that companies that have foreign Ownership tend to provide broader disclosures than those that do not. It is due to several reasons. First, foreign companies, especially from Europe and America, are more familiar with the concepts of CSR practice and disclosure. Secondly, foreign companies would have more better accounting training from overseas holding companies. Third, the company would have information system which more effecient to fulfill the internal needs and needs of the parent company. Fourth, the greater demand which possible for companies held by foreign from suppliers, customer and the general public.

The overall test underlying of hypotesis 8, results are following the result on Table 4 (Model C), which predicted that the board composition and ownership structure have a positively effect on disclosure of CSR in concentrated ownership context. Aims of the examine to show whether all variables have an influence together on the disclosure of CSR. From the results of this test it can be seen that the statistical F value is significantly 0,000, it is less than 0.05. This model also supported by value of R square 0.40. This finding consistent with [16]. These results indicate that the model could be used to predict the relationship between composition of board and structure of ownership on the disclosure level of CSR. For the control variabels test shows that the size of companies significant effect on CSR Disclosure, however the leverage no effect to CSR disclosure at concentrated companies in Indonesia.

5. CONCLUSION

Knowing the consequences of companies that have concentrated ownership are their quality of disclosure related to firm performance. CSR disclosure sheds light on the relationship between good corporate governance and company recognition of their social obligations. This study investigates the board composition and ownership structure related to CSR disclosure on concentrated ownership companies in Indonesia. The findings showed that on board composition which gives evidence the significantly positif of board size of commisioners, board size of audit committee, and independent of audit committee on CSR disclosure. However, the independent of commisioners insignificant influence on CSR disclosure at concentrated ownership com[anise. Furthermore, empirical evidence shows that only managerial ownership and foreign ownership affect CSR disclosure, whereas institutional ownership does not influence on CSR disclosure. This discovery contributes to regulators and policy makers in the company to increase the quality of level CSR disclosure. Due to gain a better understanding of the circumstances firm performance related to social responsiblity in which board composition and ownership structure important mechanism to design minority shareholders protection. With good quality of disclosure also be helpful or became a warning harmful to the interests of other stakeholders, especially from expropriation the majority stakeholders.

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