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# The Difference of Corporate Social Responsibility Disclosure and Implementation of Good Corporate Governance Based on Company Size

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**ABSTRACT**

This research aims to test and analyze the difference of CSR disclosure and the implementation of GCG based on company size namely large, medium, and small-scale companies. This research used a Multivariate Analysis of Variance (MANOVA) test with manufacturing companies listed on the Indonesia Stock Exchange in 2018 as many as 158 companies as the sample. The test shows that CSR disclosure in large-scale companies is different than the other. The large-scale companies reveal CSR more broadly than the medium and small-scale companies. Meanwhile, the medium and small-scale companies tend to have similarities of CSR disclosure (no different). In the implementation of GCG, there isn't a similarity in each size of those companies. Because of the differences, it makes that the implementation of GCG in large-scale companies better than medium-scale companies and small-scale companies.

## INTRODUCTION

The company seeks to disclose broader information, this is motivated by the increasing information needs of the stakeholders (stakeholders). Stakeholders and stockholders not only need information related to the company, but also related to the company's commitment in social and environment (Nazari, Herremans, & Warsame, 2015). Measurement of company value based on non-financial aspects can be seen from the company's social and environmental performance as indicated by the disclosure of social and environmental performance. Therefore, one of the company's strategies to improve non-financial performance is to carry out corporate social responsibility (CSR) disclosure. At present, CSR is not only about the survival and preservation of nature, but also the welfare of workers, society and the community at large. The company's perspective changes along with increasing public awareness about the impact of the company's operational activities which are caused indirectly. CSR is no longer considered as a cost that reduces profits, but as an investment to be able to improve the good image in the eyes of the community, so as to increase long-term profits and maintain the legitimacy and going concern of the company (Krisna & Suhardianto, 2016). Widespread public pressure on business practices by companies requires companies to behave ethically as an obligation for companies (Handajani, Subroto, & Saraswati, 2014). It can be concluded that the company carrying out social responsibility activities is a form of corporate responsibility towards the community. This will gain legitimacy from the community. The legitimacy obtained will be able to increase company sales. Furthermore, it can increase the value of the company. CSR can be reported separately or incorporated in the financial statements.

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The high cases of environmental pollution carried out by the company, both indicated and which have been proven to indicate a lack of corporate social responsibility. The case of environmental pollution in Indonesia is carried out by PT Indo Bharat Rayon (IBR). PT IBR was fined 2M for being proven to have committed an environmental crime, namely disposing of hazardous and toxic waste (B3) coal ash into the Rawamati (Rawa Kalimati) area. As a result of this case, PT IBR is required to revitalize Rawa Kalimati which has been contaminated with waste (Maulud, 2018; Republika.co.id, 2018). PT IBR produces B3 waste and does not manage it properly. PT IBR disposed of B3 waste to Rawa Kalimati which is located next to the location of PT Indo Bharat Rayon until finally it is buried by B3 waste. The pile has an impact on the shallow Swamp Kalimati, initially has an area of approximately 8,000m2 and a depth of 6-7meter and can be traversed by getek boat, now it has become a rice field area for local residents. Rawa Kalimati's physical change from being originally clean water until now has become very shallow and has become a rice paddy area for residents, occurred since PT Indo Baharat Rayon used the Power Plant in 2005, where coal which was burned to heat the boiler contains aiar which lasts every day for 24 hours to produce B3 waste, namely bottom ash / fly ash. Although PT IBR transports its B3 waste through PT Nuryeni Transporters to be submitted to B3 waste users such as PT Bata Kuo Shin and PT Tenang Jaya Sejahtera, the transportation of B3 waste is not optimal, because PT Nuryeni as Transporter does not transport all B3 waste, there is always a B3 waste the remaining un transported is between 900 and 1,500 tons every month. Approximately 262,000 tons of B3 waste were not managed properly by PT IBR. PT IBR then stockpiled the unmanaged waste in Rawa Kalimati which was carried out continuously every day since 2005 (since PT IBR used coal fuel in its business activities) until 2015, when PT IBR was reported to the PPNS Ministry of Environment (Pn-purwakarta.go.id, 2016).

An indication of environmental pollution cases also occurred at PT Rayon Utama Makmur (RUM) in Sukoharjo, Central Java (Central Java). PT RUM is indicated to carry out air pollution caused by production waste. The production waste results in a foul odor that spreads in community areas (Safutra, 2018). Bernie (2018) explained that air pollution allegedly carried out by PT RUM caused public health problems especially children. To date there are five villages affected by PT RUM's pollution, including Kedungwinong Village, Plesan Village, Gupit Village, Celep Village and Pengkol Village. PT RUM is also suspected of violating environmental permits by producing dangerous gas namely carbon disulfide which was not explained in the AMDAL for the establishment of the plant in 2012. PT RUM also did not install an EMS system in the chimney used, the EMS system can detect air pollution (Sumandoyo, 2018).

The case of environmental pollution is not only done by companies in Indonesia, but also in other countries. The increase in international tourism in Turkey will have an impact on improving transportation, consumption, accommodation and tourism management. This increase can not only be considered as a contribution to economic income, but it should also be noted that energy consumption will have an impact on environmental pollution (Katircioglu, 2014). Pollution by Royal Dutch Shell for oil spills in Nigeria in 2008-2009 resulted in poor fishermen in Nigeria being unable to work due to oil-polluted water containing carcinogen, 900 times higher than normal. As a result of this pollution, Shell has to pay compensation of US $ 84 million to fishermen or the equivalent of Rp1.06 trillion submitted to a community in Nigeria (Bbc.com, 2011, 2015).

Gaffikin (2008) states that the nature of the company has experienced significant changes over approximately 200 years, these changes require companies to pay more attention to the needs of the community. One tangible form of community company attention is through corporate social responsibility. Basalamah & Jermias (2005) states that corporate social responsibility activities have been required, but reporting related to the implementation of social responsibility is still voluntary both in Indonesia and other countries. Corporate social responsibility activities in Indonesia have become mandatory actions in certain industries based on Law no. 40 of 2007 Article 74 paragraph (1) which states that "Companies that carry out their business activities in the fields and / or related to natural resources are required to carry out Social and Environmental Responsibility".

The theory of legitimacy and stakeholder theory cannot be separated because it has many similarities, so it is wrong to treat the two theories as two different things (Deegan & Unerman, 2006). Legitimacy Theory states that companies that are able to interact with social groups will gain trust from the community. Companies that have carried out social responsibility disclosures will be able to increase the legitimacy of the community and investors towards the company (Du & Vieira, 2012; Salewski & Zülch, 2014). Stakeholder theory explains how companies make efforts to meet the interests of various stakeholders without ignoring the company's main goal, profit. By fulfilling the interests of stakeholders, the company hopes to continue to get support from stakeholders. Therefore, stakeholder theory cannot be separated from legitimacy theory in explaining the interaction between companies and stakeholders. However, each theory has the characteristics of stakeholder theory focusing on specific stakeholders while legitimacy focuses on the interaction of society as a whole. The concept of stakeholders emphasizes that the company's obligations are broader than meeting financial performance.

Stakeholder theory explains how companies make efforts to meet the interests of various stakeholders. Each company must have different stakeholders based on company size. At present, CSR disclosure is dominated by large-scale companies and there is an assumption that large companies tend to always disclose CSR more broadly, while small and medium-scale companies less disclose CSR (Jenkins, 2004). Research conducted by Dias, Rodrigues, Craig, & Neves (2018) found that there were no significant differences in CSR disclosure between large and small & medium size companies in Portugal. Indeed, large companies disclose CSR more broadly, but that does not mean small and medium scale companies disclose little CSR. Similar research is also found in Switzerland which states that small-scale companies are not always 'less proficient' in managing CSR than large companies (Baumann-Pauly, Wickert, Spence, & Scherer, 2013). D'Andrea & Montanini (2015) argues that it is not true that small and medium-sized companies do not carry out social activities. CSR evaluation in small and medium scale companies should not be compared to large scale companies, often CSR activities in small and medium scale companies are informal and fragmented.

Financial statements do not only contain corporate social responsibility (CSR). Another thing that is also important to implement is a system of good corporate governance (Good Corporate Governance / GCG). Implementation of good corporate governance in every company has become a necessity. Good corporate governance does not only have an impact on performance, but it will be responded positively by external parties (potential investors) as indicated by rising company value. The implementation of CSR is one form of implementation of GCG. GCG aims to make the company have a good relationship with stakeholders.

The concept of GCG arises due to unethical business practices practiced by business people. The case of PT Sumalindo Lestari Jaya Tbk (SULI) found that there were transactions that contained elements of conflict of interest and the principle of low transparency in various activities in the company. The board of directors and majority shareholders are alleged to have helped in affiliated transactions that caused minority shareholder losses. Some transactions that are considered detrimental to PT. SULI, including the first, transactions involving industrial estate forest (HTI) assets, or the release of assets by SULI to its subsidiary PT. Sumalindo Alam Lestari (SAL) covering an area of 36,576 Ha with an valuation of unusual transaction value of Rp. 229,765,000,000 (Supreme Court, 2011; Malawat, 2018). Even the transaction information was never disclosed at the RUPS and RUPS-LB in 2008 or 2009 to minority shareholders (Malawat, Sutrisno, & Subekti, 2018). Second, Purchase of Zero Coupond Bond (ZCB) issued by PT. Sumalindo Hutani Jaya (SHJ), with a transaction value of Rp 140,254,908,652 for a period of one year without any debt collateral (Supreme Court, 2011). In addition, it was found that controlling shareholders served as the board of commissioners or directors of the parent company and subsidiaries. All shareholders of PT. SULI has a family relationship that has the potential for conflict of interest (Panggabean, 2013). Relationship between the board of directors and controlling majority shareholders of PT. This SULI greatly affects all policies that occur that are oriented to one-sided profit which will adversely affect the interests of minority shareholders or the public.

The successful implementation of governance in a company is highly expected by all interested parties, especially company management. Abor & Adjasi (2007) explains that the concept of GCG has a positive impact on company sustainability (sustainability). It is believed that GCG can generate goodwill and investor confidence. GCG is considered as a process and structure used to direct and manage the business as an effort to improve the welfare and accountability of the company and ultimately aims to realize long-term shareholder value, while taking into account the interests of other stakeholders. This is according to stakeholder theory that the company must strive to meet the interests of all stakeholders concerned. Implementation of GCG is generally carried out by large-scale companies, Agency theory states that the application of GCG is a solution to reduce conflicts of interest between principals and agents (Malawat, 2018). GCG can be a manager (agent) performance monitoring system that will increase company transparency so there is no information gap between the principal (shareholder) and the agent. When there is a contract between the principal and agent, information asymmetry will arise which triggers the occurrence of moral harzard ie the principal wants the manager to maximize his interests and the manager if not supervised will work less optimally (Scott, 2015). Agency theory holds that humans are basically rational creatures, therefore mediators between principals and agents are needed, one of which is by applying GCG.

The application of GCG is often found in large-scale companies, assuming that large-scale companies have a large number of stakeholders and shareholders so that the potential for conflicts of interest is also greater and there are demands to increase long-term shareholder value (Respect, 2009; Lekhanya, 2015; Siahaan , 2013). The application of GCG in small and medium-sized companies is still low, this is evidenced from the results of research by Nourredine & Brahim (2017) which states that the application of the principles of transparency and GCG disclosure in small and medium-sized businesses in Algeria is still low. Generally small and medium business owners in Algeria also do not have an internal audit division, but business owners are also reluctant to use external audit services. It can be concluded that internal control in the business is still weak. Weak internal control will have an impact on the decline in company value. In fact, the application of GCG in small and medium-sized businesses can encourage value creation and create investor opportunities and gain credit confidence. (Abor & Adjasi, 2007). The results of this study can be concluded that there are differences in GCG disclosure in large-scale companies and small and medium scale companies. Generally, small and medium scale companies have low GCG quality. This is also supported by several research results, including research conducted by Günay & Apak (2014) which states that small and medium companies in Turkey that go public tend to have higher governance scores compared to small and medium companies that do not go public. This is because small and medium-sized non-public companies do not have sufficient (financial) funds to implement GCG, in addition small and medium-sized non-public companies are oriented to the short-term rather than the long-term goals of implementing GCG. Research conducted by Lekhanya (2015) also found that the lack of GCG implementation in small and medium-sized companies is due to inadequate quality of Human Resources (HR), generally in small and medium-sized companies in South Africa, owners of corporate capital and concurrently as CEOs, managers and employees. This research was conducted at manufacturing companies because manufacturing companies consist of various industrial sub-sectors and have the largest number of companies listed on the IDX. Some issues related to CSR and GCG that involve more and more complex manufacturing companies. This shows that manufacturing companies have a significant share in environmental and social problems that occur due to weak GCG implementation. In addition, the nature of manufacturing companies is the company that interacts the most with the community. Production activities carried out by manufacturing companies will produce waste that can result in environmental pollution and in the production process requires companies to have workers in the production department that are closely related to safety and welfare issues. Manufacturing companies are companies that sell products to consumers, so they need to disclose matters relating to the safety and security of their products.

This study aims to examine and analyze differences in CSR disclosure and GCG implementation based on company size, which is divided into three categories namely large-scale companies, medium-scale companies and small-scale companies.

## MATERIALS AND METHODS

### Stakeholder Theory

Deegan & Unerman (2006) explained that stakeholder theory has several parts namely ethics (moral) or normative (prescriptive) and positive (managerial). Stakeholder theory in particular can accept that different stakeholder groups will have different perspectives on the operations that a company should have. Stakeholder theory is better able to negotiate various kinds of social contracts with different groups of stakeholders than just referring to one contract in general.

The moral and normative perspective of stakeholder theory argues that all stakeholders have a thing to be treated fairly by the organization and the issue is not relevant to stakeholder strength. That is, the influence of the organization on stakeholders' 'life experiences' becomes the basis of the organization's accountability to stakeholders compared to the economic power of the stakeholder on the organization. There is an assumption that stakeholders have intrinsic rights and these rights must not be violated. Managerial perspective shows an explanation of the situation where company management tends to meet the expectations of certain stakeholders who generally have power. In this perspective stakeholders are identified based on company interests. The more important the stakeholders are to the company, the more effort will be made by management in the relationship. Information is a bridge between the company and stakeholders to get support from stakeholders. From a managerial perspective, the organization is unable to respond to all stakeholders in equal proportion, but will tend to pay more attention to the stakeholders who influence the organization.

Orij (2010) broadens the perspective of stakeholder theory by involving a country's cultural factors. The culture of a country is considered capable of influencing the characteristics of stakeholders and individuals within the company. The characteristics of stakeholders in each company are different and affect the company in disclosing social and environmental performance (CSD). Cultural factors that influence CSD include power distance, individualism, uncertainty avoidance, and masculinity.

Based on the managerial perspective of stakeholder theory, information (including financial information and organizational social performance) is the main element that can be arranged (or manipulated) by the organization to stakeholders in order to gain support and acceptance or reduce stakeholder resistance and rejection. Roberts (1992) states that developing the reputation of socially responsible companies through performance and social responsibility disclosure activities is part of a strategy for managing organizational relationships with stakeholders.

**Agency Theory**

Jensen & Meckling (1976) states that Agency Theory is "Agency relationship as a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent ". It can be said that the agency relationship arises because of the delegation of authority granted by the owner (principal) to the manager (agent) as the recipient of the authority. When the agent is able to carry out his duties in accordance with the expectations of the principal's interests, there will be no conflict in the organization, but conversely, if the agent does not carry out his duties in accordance with the principal's interests, agency problems will arise. The difference in the interests of each party is motivated by the desire for personal gain. The agent or manager wants his interests to be fulfilled as much as possible in accordance with his performance, while the principal (owner) wants the return of the invested capital as much as possible, even as soon as possible through the distribution of dividends. Therefore, agency theory assumes the assumption, that each individual always acts for their own personal interests (Malawat, 2018). Scott (2015) explains that the separation between owner and manager raises information asymmetry that triggers moral hazard. Contract design is needed to minimize moral hazard, so that efficient contracts are created with the lowest agency costs. Different assumptions will lead to different treatments in terms of contract making and supervision (Wright, Mukherji, & Kroll, 2001). The higher the differences in individual interests, the higher the agency costs in an organization will be.

Eisenhardt (1989) argues that the purpose of agency theory is to solve two problems that might occur in agency relationships, namely the first agency problem that arises when there is a conflict of goals between the principal and agent and when the principal has difficulty ascertaining what the agent is doing. Second, risk sharing problems that arise when the principal and agent have different attitudes towards risk. There are two streams of agency theory research, namely positive agency theory and agent-principal. Positive agency theory focuses on explaining governance mechanisms that can solve agency problems, while agent-principals focus on general theories of principal-agent relationships that use specific assumptions and mathematical evidence. The focus of the principal-agent literature is to determine the most optimal contract for the principal-agent with a contract option based on behavior and a contract based on results (behavior vs outcome). This study uses the basis of the theory of positive agency conflict agency agency can be reduced by implementing GCG.

**Corporate Social Responsibility (CSR)**

An organization is an artificial entity in which the community chooses to create the organization, so that the community has the right not to create the entity or create other entities. Therefore, companies receive permission from the community to operate, the company must also be responsible (accountable) to the communities in which the company operates (Benston, 1982). There are many studies that agree that there is a shift in management responsibilities, from those that are just business responsibilities to social and environmental responsibilities. The reason is to carry out social responsibility based on a sustainability perspective where a balance will be created from three areas, namely economic, social and environmental sustainability (Deegan & Unerman, 2006).

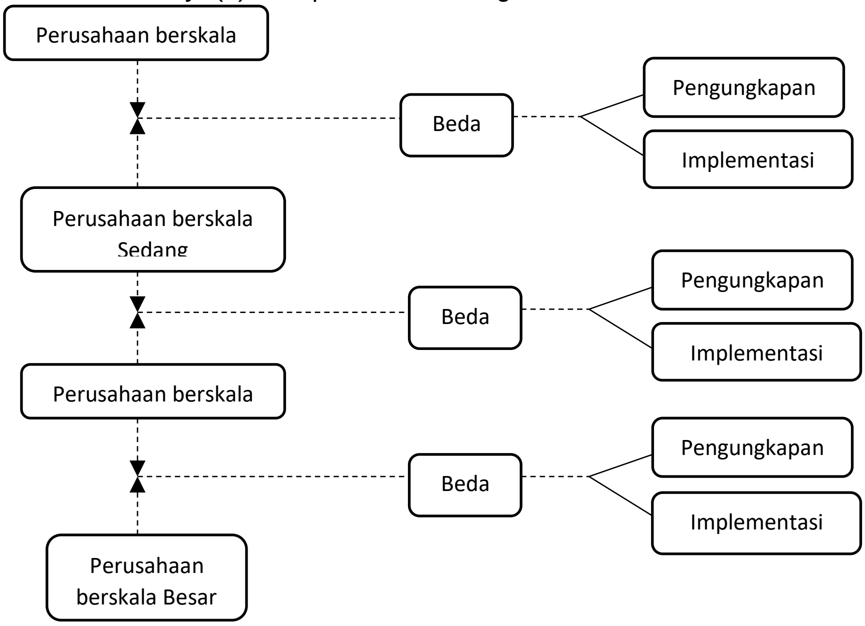
Deegan & Unerman (2006) explained that financial accounting is often criticized for being unable to accommodate social and environmental reporting of entities. Therefore, triple bottom line (TBL) perspective is used. The implementation that is carried out must present information about how the sustainability practices of an organization. The TBL perspective requires organizations that want to maintain sustainability must be financially secure, minimize negative environmental impacts and must act in accordance with social expectations. Given the limitations of traditional financial reporting (and also reporting with a triple bottom line perspective) to reflect the social and environmental impacts of organizational activities, many organizations develop various practices to report social and environmental impacts more broadly. CSR is a commitment to improve the welfare of society through controlling business practices and contributions from company resources. CSR is a decision making that is associated with values, ethics, fulfillment of the rules of legal decisions and uphold human dignity and dignity (Ernawan, 2007). CSR is beneficial from the company side, including (1) The existence of a company can grow sustainably and the company gets a good image from the wider community; (2) Companies can more easily access capital; (3) The company can maintain and produce quality human resources.

**Good Corporate Governance (GCG)**

The quality of the corporate governance system needs to be implemented by the company with the aim of protecting the parties concerned in the company. The existence of Corporate Governance (CG) as broad and critical implications, in an effort to create the economy, and increase social welfare. Corporate governance can be an incentive through performance measures to increase a company's success. Moreover, it can improve welfare through accountability and transparency assessments, so as to increase company value, which is distributed equally and can be accounted for (Malawat, 2018). A framework of good corporate governance based on OECD principles that has been internationally recognized and used as a basis for the preparation of corporate governance guidelines in Indonesia. These principles are delivered (1) Fairness, which emphasizes fair treatment by all stakeholders, especially managers, communities, investors and the environment from the application of CSR principles and GCG implementation; (2) Disclosure / Transparency, i.e. this principle has a relationship with information disclosure, through accurate and timely disclosure and transparency on matters important to the performance of the company, investors and other stakeholders of the company; (3) Accountability is the principle of accountability emphasizing the creation of an effective supervision system based on the distribution of power between commissioners, directors and shareholders which includes monitoring, evaluation and control of management in an effort to ensure management acts in accordance with the interests of shareholders and other interested parties; (4) Responsibility is responsibility in the form of responsibility, and management supervision and accountability to the company and its shareholders and (5) Independent (Independent), to facilitate the implementation of GCG principles, the company must be managed independently so that each company organization do not dominate each other and cannot be intervened by other parties.

**Research Design / Framework**

The following conceptual framework of research will show an overview of CSR disclosure and GCG implementation based on company size from three categories.




**Hypothesis Development**

GCG principles related to CSR as well as an aspect of accountability in every company activity are responsibility. Daniri (2008) states that the application of the concept of GCG, including in this aspect of responsibility, is expected to improve the implementation and disclosure of corporate social responsibility. Agency theory states that GCG implementation is a mediator between principals and agents to reduce conflicts of interest. Large-scale companies are more likely to have a conflict of interest between principals and agents, which has an impact on the agency costs incurred also large, to reduce agency costs, companies will tend to disclose broader information, in this case including CSR disclosure and GCG implementation. Therefore, greater disclosure is a way to reduce political costs as a corporate social responsibility (Sembiring, 2005). Cowen, Ferreri, & Parker (1987) that large companies will not escape pressure, and larger companies have more operating activities and have a greater influence on society, and may have more shareholders and will always pay attention social programs created by the company so that the disclosure of corporate social information will be more extensive. This is supported by research by Haniffa & Cooke (2005); Krisna & Suhardianto (2016) and Siwar & Harizan (2006) argue that company size has a significant positive effect on CSR disclosure, the reason is that large-scale companies will face greater pressure from stakeholders to behave responsibly and have a greater impact on society. In addition, large-scale companies generally have better financial conditions so that it is possible to carry out CSR activities so that the company stays sustainable. In addition to CSR, GCG is also a solution to reduce agency conflicts that may occur between principals and agents. It can be concluded that the greater the company, the role of GCG implementation practices is increasingly needed to reduce the information gap between agents and principals. Implementation of GCG, can provide management control that management will do the best for the principal. This is supported by research Abor & Adjasi (2007); Günay & Apak (2014); Ho, Wang, Ho-dac, & Vitell (2019); Lekhanya (2015) and Nourredine & Brahim (2017) stated that large-scale companies tend to have a better GCG implementation system compared to small and medium scale companies.

The hypothesis is formulated as follows.

H1 : There are differences in CSR and GCG disclosures in large scale companies, medium scale companies and small scale companies.

H1b : Large scale companies will disclose CSR and implement GCG higher than medium scale companies and small scale companies.

Several studies have shown that the implementation of CSR in medium scale companies is still relatively low. Research conducted by Zoysa & Takaoka (2019) states that medium-scale companies do not implement CSR even though the government supports the involvement of small and medium scale companies in implementing CSR. The overall CSR assessment shows that CSR disclosures at medium scale companies tend to be lower than large scale companies in Japan. The reason is the lack of human resources in medium scale companies to implement CSR. The same thing was also found in the research of Günay & Apak (2014) and Lekhanya (2015) which found that HR and were important if they wanted to implement CSR and GCG because generally in middle scale companies there were still multiple roles / positions between owners and managers. If there are still multiple roles / positions between capital owners and managers, it can be said that there is almost no agency conflict within the company, therefore there is no need for mediators in this case CSR and GCG to reduce conflicts. Medium-scale companies are also not too pressured by their stakeholders because they are not very related / influential to the community. In addition, the financial condition of medium-sized companies is also not too stable so that the implementation of GCG and CSR disclosure is still relatively low compared to medium-scale companies.

The hypothesis is formulated as follows.

H2 : There are differences in CSR and GCG disclosures in large scale companies, medium scale companies and small scale companies.

H2b : Medium scale companies will disclose CSR and implement GCG higher / broader than small scale companies, but lower than large scale companies.

Large scale companies can disclose CSR and implement GCG because they have financial support with the aim of reducing agency problems, on the other hand small scale companies can also implement GCG and disclose CSR with the aim of growing the company so that it can be trusted (Klapper & Love, 2004). Cheung, Connelly, & Zhou (2008) stated that large companies are more transparent than small companies. A possible reason is that large companies have a larger investor base than smaller companies. Large companies also have more resources to provide higher / broader disclosures to investors than smaller companies.

Company size is an important variable that influences a company's ability to raise capital, especially when the overall economic conditions are experiencing difficulties. It can be said that large companies are generally easier to maintain external financial conditions, financing tends to rely mostly on bank loans, so that they will have smaller information asymmetries and more regular company operations than small companies. Large companies also tend to have a large asset base that can be used as collateral. All of these factors indicate that large companies are relatively better able to withstand external barriers (Baek, Kang, & Park, 2004).

CSR is part of GCG. Research shows that large-scale companies tend to disclose CSR more broadly (Dias et al., 2018). Applying the principles of transparency and GCG disclosure to small and medium businesses, there are also small-scale companies that do not have an internal audit division but are reluctant to use external audit services. This indicates that internal control in the business is still weak. Weak internal control will have an impact on decreasing company value (Nourredine & Brahim, 2017). Small companies do not implement CSR and GCG because small and medium sized non-public companies do not have sufficient (financial) funds to implement GCG and small-scale company orientation is generally short-term and the lack of human resource education in small-scale companies towards CSR and GCG disclosure when both of these are very beneficial which has an impact on increasing value and trust (Abor & Adjasi, 2007; Günay & Apak, 2014; Lekhanya, 2015).
The hypothesis is formulated as follows.

H3 : There are differences in CSR and GCG disclosures in large-scale companies, medium-scale companies and small-scale companies.

H3b : Small scale companies will disclose CSR and implement GCG lower than large scale companies and medium scale companies.

This study uses a positive paradigm with quantitative methods. The population in this study were all manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2018 totaling 162 companies. Determination of the sample in this study, using non-probability sampling methods, namely purposive sampling. The data used in this study are secondary data for all variables, namely company size, GCG and CSR variables with cross sectional type obtained from financial statements and annual reports of manufacturing companies listed on the Stock Exchange in 2018, according to the following criteria.

| Kriteria | Alasan |
|---|---|
| Perusahaan terdaftar di BEI tahun 2018 | Cakupan penelitian |
| Perusahaan menerbitkan annual report 2018 auditan per mei 2018 | Untuk memperoleh data keseluruhan variabel pada waktu penelitian |
| Perusahaan menyebutkan jumlah karyawan | Untuk memperoleh data variabel ukuran perusahaan |

With these criteria, a sample of 158 manufacturing companies was obtained. Data collection is done by archival study techniques through data sources obtained from the official website of the Indonesia Stock Exchange (IDX) or the website of each company.

This study uses the number of employees as a company size in accordance with the criteria set by Widyastuti & Tarigan (2014) with modifications due to the range being too far between categories, so the following categories are used: companies with a number of employees of less than 2,000 people can be classified as small companies. Companies with a number of employees between 2,001 and 4,000 are classified as medium companies. Meanwhile, companies with more than 4,000 employees can be classified as large companies.

Governance (GCG) in this study will be measured using a corporate governance index with GCG indicators referring to the corporate governance index developed by the OECD. There are 185 important points in the assessment of corporate governance required by the ACMF. Each of the assessment points comes from the aspects of Rights of shareholders (26), Equitable treatment of shareholders (17), Role of Stakeholders (21), Disclosure and Transparency (41), and Responsibilities of the Board (79). The scoring method for each corporate governance indicator will be carried out by giving a value of 1 if the company carries out the procedure on the existing question items, and vice versa giving a value of 0 if the company does not carry out the procedure on the existing question items given. The CG index calculation in this study can be formulated as follows.

$GCG = \frac{n}{k} \, x \, 100\%$ (Fitriyani, Tiswiyanti, & Prasetyo, 2015)

GCG: good corporate governance (GCG) practice index
n: number of elements of GCG practices implemented
k: the sum of all elements of GCG practices implemented

## RESULTS AND DISCUSSION

**Box's Test of Equality of Covariance Matrices[a]**

| | |
|---|---|
| Box's M | 9,257 |
| F | 1,514 |
| Sig. | 0,169 |

Based on the MANOVA test conducted, the results of the study are presented in the table. Box test results are used to test the MANOVA assumption which requires that the variance / covariance matrix of the dependent variable are the same (not different). It can be seen that the Box's M test value is 9,257 and the F test value is 1.514 with a significance level of 0.169 which is above 0.05 so that the null hypothesis that the same variance / covariance matrix is accepted. The results of this test are in accordance with the MANOVA assumption so that the analysis can proceed.

**Multivariate Tests[a]**

| Effect | | Value | F | Hypothesis df | Error df | Sig. |
|---|---|---|---|---|---|---|
| SIZE | Hotelling's Trace | 3,566 | 136,404 | 4,000 | 306,000 | 0,000 |
| | Roy's Largest Root | 3,558 | 275,768[c] | 2,000 | 155,000 | 0,000 |

Multivariate test is used to test whether each factor (company size / SIZE) influences the group of dependent variables. The value seen in this table is Hotelling's Trace in the SIZE effects section. Hotelling's Trace value is used because there are only two groups of dependent variables used (CSR disclosure and GCG implementation). Multivariate test results show the value of the F test for Hotelling's Trace is 136,404 and significance at the level of 0,000. This means that there is a relationship between company size (SIZE) and the extent of CSR disclosure and GCG implementation.

**Levene's Test of Equality of Error Variances[a]**

| | F | df1 | df2 | Sig. |
|---|---|---|---|---|
| CSR | 1,240 | 2 | 155 | 0,292 |
| GCG | 2,065 | 2 | 155 | 0,130 |

MANOVA assumes that each dependent variable has the same variance for all groups. Leven's test is used to test these assumptions. The table shows that for CSR disclosure and GCG implementation it has significance exceeds 0.05 ie 0.292 and 0.130. Based on the significance value, it can be stated that the calculation results have fulfilled the MANOVA assumption that requires similarity in variance.

Test of between subject effects tests the effect of univariate ANOVA for each factor on the dependent variable. The significance of the F test value is used to test this. The F test value for the relationship between SIZE (company size) and CSR disclosure area is 27,949 and significant at 0,000 which means there are differences in CSR disclosure based on company size. Likewise, the value of the F test between SIZE (company size) and GCG implementation is 221,257 and significant at 0,000 which means there are differences in the implementation of GCG based on company size.

**Tests of Between-Subjects Effects**

| Source | Dependent Variable | Type III Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| SIZE | CSR | 19693,913 | 2 | 9846,957 | 27,949 | 0,000 |
| | GCG | 44779,745 | 2 | 22389,872 | 221,257 | 0,000 |

a. R Squared = .265 (Adjusted R Squared = .256)
b. R Squared = .741 (Adjusted R Squared = .737)

The amount of adjusted R squared for CSR disclosures is 26.5% and GCG implementation is 74.1%. This means that company size is able to show wide differences in CSR disclosure and GCG implementation by 26.5% and 74.1% and the rest are distinguished by other variables not examined in this study.

Based on the multiple comparison test, it can be seen that there are differences in the average CSR disclosure and GCG implementation based on company size. Turkey test results show that there are wide differences in CSR disclosure based on company size. Large scale companies express CSR differently compared to small and medium scale companies this can be seen from the significance value of 0,000 which is less than 0.05, whereas in small and medium scale companies there is no difference in the extent of CSR disclosure, it can be seen from the significance value of 0.351 which is worth more than 0.05. Turkey test results also show that there are differences in the implementation of GCG in all groups of large-scale companies, small-scale companies and medium-scale companies. This can be seen from the acquisition of a significance value of 0,000 (less than 0.05) obtained in three large, small and medium groups. It can be said that GCG implementation in large scale companies is different from small scale and medium scale companies, GCG implementation in medium scale companies is different from small scale companies and large scale companies and GCG implementation in small scale companies is different from medium scale companies and large scale companies.

than 0.05. It can be said that the results of the research support H1 but reject H2 and H3 which means CSR disclosure in small and medium scale companies tends to be the same or not different.

The results support the stakeholder theory which states that the company discloses CSR more broadly to get support from its stakeholders so that there is a guarantee of company sustainability. The research results also support the research of Sembiring (2005) which explains that the principal-agent conflict of interest has more potential in large-scale companies, therefore companies must bear agency costs by making CSR disclosure more broadly. Disclosure of CSR is part of the implementation of GCG, GCG is a solution to reduce agency problems.

**Multiple Comparisons**

| Dependent Variable | | (I) SIZE | (J) SIZE | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Lower Bound | Upper Bound |
| CSR | Tukey HSD | Kecil | Sedang | -5,1010 | 3,68116 | 0,351 | -13,8122 | 3,6103 |
| | | | Besar | -25,6813* | 3,64691 | 0,000 | -34,3115 | -17,0511 |
| | | Sedang | Kecil | 5,1010 | 3,68116 | 0,351 | -3,6103 | 13,8122 |
| | | | Besar | -20,5803* | 3,64691 | 0,000 | -29,2105 | -11,9501 |
| | | Besar | Kecil | 25,6813* | 3,64691 | 0,000 | 17,0511 | 34,3115 |
| | | | Sedang | 20,5803* | 3,64691 | 0,000 | 11,9501 | 29,2105 |
| | Bonferroni | Kecil | Sedang | -5,1010 | 3,68116 | 0,503 | -14,0103 | 3,8083 |
| | | | Besar | 25,6813* | 3,64691 | 0,000 | -34,5077 | -16,8549 |
| | | Sedang | Kecil | 5,1010 | 3,68116 | 0,503 | -3,8083 | 14,0103 |
| | | | Besar | -20,5803* | 3,64691 | 0,000 | -29,4067 | -11,7539 |
| | | Besar | Kecil | 25,6813* | 3,64691 | 0,000 | 16,8549 | 34,5077 |
| | | | Sedang | 20,5808* | 3,64691 | 0,000 | 11,7539 | 29,4067 |
| GCG | Tukey HSD | Kecil | Sedang | -14,2212* | 1,97283 | 0,000 | -18,8898 | -9,5526 |
| | | | Besar | -40,4556* | 1,95448 | 0,000 | -45,0808 | -35,8305 |
| | | Sedang | Kecil | 14,2212* | 1,97283 | 0,000 | 9,5526 | 18,8898 |
| | | | Besar | -26,2345* | 1,95448 | 0,000 | -30,8597 | -21,6093 |
| | | Besar | Kecil | 40,4556* | 1,95448 | 0,000 | 35,8305 | 45,0808 |
| | | | Sedang | 26,2345* | 1,95448 | 0,000 | 21,6093 | 30,8597 |
| | Bonferroni | Kecil | Sedang | -14,2212* | 1,97283 | 0,000 | -18,9959 | -9,4464 |
| | | | Besar | -40,4556* | 1,95448 | 0,000 | -45,1860 | -35,7253 |
| | | Sedang | Kecil | 14,2212* | 1,97283 | 0,000 | 9,4464 | 18,9959 |
| | | | Besar | -26,2345* | 1,95448 | 0,000 | -30,9648 | -21,5042 |
| | | Besar | Kecil | 40,4556* | 1,95448 | 0,000 | 35,7253 | 45,1860 |
| | | | Sedang | 26,2345* | 1,95448 | 0,000 | 21,5042 | 30,9648 |

The results showed that there were wide differences in CSR disclosure based on company size. Large scale companies revealed that CSR is different compared to small and medium scale companies this can be seen from the significance value of 0,000 which is less than 0.05. This research succeeded in proving H1 that there are differences in CSR disclosures in large-scale companies. Meanwhile, in small and medium scale companies there is no difference in the area of CSR disclosure, it can be seen from the significance value of 0.351 which is worth more

Cowen et al. (1987) also explained that large-scale companies have high operational activities, high company operations require companies to always have a relationship with their stakeholders. In addition, large-scale corporate investors may always pay attention to social programs created by the company so that the disclosure of corporate social information will be more widespread. Greater pressure from stakeholders will require companies to behave responsibly, because companies have a greater impact / interaction on society and generally large-scale companies have better financial conditions making it possible to carry out CSR activities so that the company remains sustainable (Dias et al ., 2018; Haniffa & Cooke, 2005; Krisna & Suhardianto, 2016; Siwar & Harizan, 2006).

Reasons that may be small and medium scale companies disclose CSR that tends to be the same are small and medium scale companies generally have an unstable financial condition and a lack of human resources in small and medium scale companies so that CSR disclosure has not been fully met (Günay & Apak, 2014; Lekhanya , 2015). This is supported by research conducted by Zoysa & Takaoka (2019) who found that small and medium scale companies do not implement CSR even though the government supports the involvement of small and medium scale companies in implementing CSR. The overall CSR assessment shows that CSR disclosures at medium scale companies tend to be lower than large scale companies in Japan. In addition, in small and medium scale companies, capital owners (investors) are not as much as large scale companies. D'Andrea & Montanini (2015) argues that CSR assessments in small and medium scale companies should not be equated with large scale companies, often CSR activities in small and medium scale companies are informal and fragmented.

The results showed that there were differences in the implementation of GCG in all groups of large-scale companies, small-scale companies and medium-scale companies. This can be seen from the acquisition of a significance value of 0,000 (less than 0.05) obtained in three large, small and medium groups. It can be said that GCG implementation in large scale companies is different from small scale and medium scale companies, GCG implementation in medium scale companies is different from small scale companies and large scale companies and GCG implementation in small scale companies is different from medium scale companies and large scale companies . It can be said that the results of the study support H1, H2 and H3.

The difference in the implementation of GCG in each company category is based on that large-scale companies generally have a better implementation of Corporate Governance (GC) than small and medium-sized companies, a possible reason is that large-scale companies have a large number of stakeholders and shareholders so that the potential for conflicts of interest is also increasingly and the demands to increase long-term shareholder value (Respect, 2009; Lekhanya, 2015; Siahaan, 2013). This is according to stakeholder theory that the company must strive to meet the interests of all stakeholders concerned. Agency theory also explains that the application of GCG is a solution to reduce conflicts of interest between principals and agents (Malawat, 2018). GCG can be a manager (agent) performance monitoring system that will increase company transparency so there is no information gap between the principal (shareholder) and the agent. When there is a contract between the principal and agent, information asymmetry will arise which triggers the occurrence of moral harzard ie the principal wants the manager to maximize his interests and the manager if not supervised will work less optimally (Scott, 2015).

Cheung et al. (2008) states that large companies are more transparent than small companies. A possible reason is that large companies have a larger investor base than smaller companies. Large companies also have more resources to provide higher / broader disclosures to investors than smaller companies. Company size is an important variable that influences a company's ability to raise capital, especially when the overall economic conditions are experiencing difficulties. It can be said that large companies are generally easier to maintain external financial conditions, financing tends to rely mostly on bank loans, so that they will have smaller information asymmetries and more regular company operations than small companies. Large companies also tend to have a large asset base that can be used as collateral. All of these factors indicate that large companies are relatively better able to withstand external barriers (Baek et al., 2004).

It can be concluded that the greater the company, the role of GCG implementation practices is increasingly needed to reduce the information gap between agents and principals. The implementation of GCG, can provide management control that management will do the best for principals (Abor & Adjasi, 2007; Günay & Apak, 2014; Ho et al., 2019; Lekhanya, 2015; Nourredine & Brahim, 2017).

Small and medium scale companies which are still low compared to large scale companies are caused by lack of adequate (financial) funds to implement GCG, besides small and medium sized non-public oriented companies not short-term oriented such as the objectives of implementing GCG (Günay & Apak, 2014). The lack of GCG implementation in small and medium-sized companies is due to inadequate quality of Human Resources (HR) (Lekhanya, 2015; Zoysa & Takaoka, 2019).

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