CSR Disclosure Quality and Quantity: Do Corporate Governance and Multinationality Matter?

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A B S T R A C T

This research aims to explain the effect of corporate governance and the degree of multinational activities on CSR disclosure quality and quantity in a multinational enterprises. This research uses samples of 97 multinational enterprises listed in Indonesia Stock Exchange within 2018-2020. CSR disclosure is measured by conducting a content analysis and they were analyzed using a multiple linear regression model. The results indicate that corporate governance variables that significantly affect CSR disclosure quality are independent commissioners and CSR committees. Independent commissioner harms CSR disclosure quality, while CSR committee has a positive effect on CSR disclosure quality. The results also show that corporate governance variables that significantly affect CSR disclosure quantity are Board size and CSR committee. Board size and CSR committee have a positive effect on CSR disclosure quantity. The degree of multinational activity does not affect CSR disclosure. This research contributes to the development of literature on CSR disclosure of multinational companies in developing countries. For multinational companies, this research can provide information on the importance of the characteristics of corporate governance, namely the size of the board of commissioners and CSR committees, in increasing CSR disclosure.

A B S T R A K

Penelitian ini bertujuan untuk menjelaskan pengaruh dari tata kelola perusahaan dan tingkat aktivitas multinasional terhadap kualitas dan kuantitas pengungkapan CSR pada perusahaan multinasional. Penelitian ini dilakukan dengan menggunakan sampel 97 perusahaan multinasional yang terdaftar pada Bursa Efek Indonesia selama 2018-2020. Pengungkapan CSR diukur dengan analisis konten. Analisis yang digunakan pada penelitian ini adalah analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa variabel tata kelola perusahaan yang berpengaruh signifikan terhadap kualitas pengungkapan CSR adalah komisaris independen dan komite CSR. Komisaris independen berpengaruh negatif terhadap kualitas pengungkapan CSR, sedangkan komite CSR berpengaruh positif terhadap kualitas pengungkapan CSR. Hasil penelitian juga menunjukkan bahwa variabel tata kelola perusahaan yang berpengaruh signifikan terhadap kuantitas pengungkapan CSR adalah ukuran dewan dan Komite CSR. Ukuran dewan dan komite CSR berpengaruh positif terhadap kuantitas pengungkapan CSR. Tingkat aktivitas multinasional tidak berpengaruh terhadap pengungkapan CSR. Penelitian ini berkontribusi terhadap pengembangan literatur mengenai pengungkapan CSR pada perusahaan multinasional di negara berkembang. Bagi perusahaan multinasional, penelitian ini dapat memberitahukan informasi pentingnya karakteristik tata kelola perusahan, yaitu ukuran dewan komisaris dan komite CSR, dalam meningkatkan pengungkapan CSR.

1. INTRODUCTION

Multinational companies (MNCs) have been facing high pressure so that they have to be transparent or they have to disclose all information and implement good corporate governance (GCG). The topics of corporate social responsibility (CSR) and corporate governance (CG) are often intertwined, as issues related to ethics, accountability, transparency, and disclosure can influence business decisions. GCG focuses on monitoring managerial behavior and internal board structure to maximize shareholder profits and achieve sustainability, while CSR adopts

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a more comprehensive public policy approach (Kaymak & Bektas, 2017). Corporate social responsibility (CSR) is believed to be able to improve company performance (Cahan et al., 2016; Eriandani & Winarno, 2021; Mita et al., 2018) and reduce company risk (Eriandani & Wijaya, 2021; Tangngisalu et al., 2020). The public will not know about the company's CSR activities if there is no disclosure of information. CSR disclosure itself is a systematic disclosure of information about the company's social, environmental, and governance performance (Roddick & Idowu, 2013). Various motivations can under-lie companies to carry out CSR disclosure, including the desire to meet community expectations, a sense of responsibility to stakeholders, and the desire to manage relationships with stakeholders (Deegan, 2002).

CSR disclosure is an important factor and it is affected by some factors. For example, as based on the previous research, CSR disclosure is determined by corporate governance and the degree of multinational activity (Coffie et al., 2018). Good corporate governance will affect the company's response to society's expectations, responsibilities to stakeholders, and the way companies manage relationships with stakeholders. Corporate governance itself can be defined as a system that controls and directs the company (Azeez, 2015). The board of commissioners and ownership structure is part of the company's corporate governance (Adel et al., 2019). The measurement of corporate governance used in this research is board size, independent commissioner, CSR committee, and substantial shareholder. Meanwhile, the degree of multinational activity will affect the number of company stakeholders. The degree of multinational activity (DMA) is the number of countries where the company operates. The more multinational a company is, the more stakeholders the company has. In the end, companies bear greater expectations and responsibilities, which makes managing stakeholder relationships even more complicated. Facing this challenge, companies must give a good response. Carrying out social and environmental responsibility is one solution to managing stakeholders (Hassan, 2014).

Previous research on the effect of corporate governance and the degree of multinationals on CSR dis-closure has inconclusive results. The inconsistency of the research results is why the researchers re-examine the influence of good corporate governance (GCG) and the degree of multinational activity on CSR disclosure, especially in developing countries. Several studies have found that board size positively affects CSR disclosure (Qa'dan & Suwaidan, 2019; Formigoni et al., 2020; Lone et al., 2016; Matuszak et al., 2019; Zaid et al., 2019). Meanwhile, other studies have found that board size does not affect CSR disclosure (Adel et al., 2019; Amran et al., 2014; Omair Alotaibi & Hussainey, 2016; Orazalin, 2019; Rouf & Hossan, 2020). Therefore, some suggest that GCG affects CSR disclosure while other do not.

Empirical results regarding the independence of the board of commissioners and CSR disclosure al-so have not found consistent results. Several studies have found that the independence of the board of commissioners has a positive effect on CSR disclosure (Fernández-Gago et al., 2018; Lone et al., 2016; Tran, 2018; Zaid et al., 2019). Meanwhile, other research found that the independence of the board of commissioners does not affect CSR disclosure (Barakat et al., 2015; Brammer & Pavelin, 2006; Coffie et al., 2018; Orazalin, 2019; Said et al., 2009). In addition, some studies also provided evidence that the independence of the board of commissioners has an effect on CSR disclosure (Adel et al., 2019; Alotaibi & Hussainey, 2016; Majeed et al., 2015; Sheela et al., 2016). Research that has been conducted to determine the effect of the CSR committee on CSR disclosure also produces inconclusive results. Several studies have stated that the CSR committee does not affect CSR disclosure (Alshbili et al., 2020; Coffie et al., 2018; García-Sánchez et al., 2019; Hassan, 2014). Meanwhile, other research shows that the CSR committee positively affects CSR disclosure (Adel et al., 2019; Amran et al., 2014; Coffie et al., 2018; Hassan, 2014; Mahmood et al., 2018).

The effect of ownership concentration on CSR disclosure is also still being questioned. Several studies have shown that ownership concentration positively affects CSR disclosure (Garas & ElMassah, 2018; Kiliç et al., 2015; Said et al., 2009). Other studies have shown that ownership concentration does not affect CSR dis-closure (Adel et al., 2019; Coffie et al., 2018; Ghazali, 2007; Haji, 2013; Hassan, 2014; Majeed et al., 2015; Sadou et al., 2017). On the other hand, several studies have shown a negative relationship between owner-ship concentration and CSR disclosure (Brammer & Pavelin, 2006; Hassan, 2014; Kelton & Yang, 2008). Likewise, the effect of the degree of multinational activity on CSR disclosure shows varying results. Previous research has shown that the degree of multinational activity has a positive effect on CSR disclosure (Coffie et al., 2018; Stanny & Ely, 2008; Webb et al., 2008). Meanwhile, other studies have shown that DMA harms CSR disclosure (Gelb et al., 2008). In addition, there are also studies showing that the degree of multinational activity does not affect CSR disclosure (Branco & Rodrigues, 2008; Hassan, 2014).

This study examined the effect of corporate governance and the degree of multinational activity on CSR disclosure quality and quantity in multinational enterprises in Indonesia. Research on CSR disclosure is attractive, especially in developing countries. Research on CSR disclosure has mainly focused on developed countries (Fifka, 2013). Research on CSR disclosure in developing countries tends to be minimal compared to that on CSR disclosure in developed countries. The practice of CSR disclosure in developing countries needs to be investigated because of the lack of regulations governing CSR disclosure in developing countries. In addition, environmental and social issues are a major concern for all companies in the world. Likewise, in Indonesia, the practice of CSR disclosure needs to be investigated because the regulations regarding CSR dis-closure of companies in Indonesia are not established yet. The originality of this research comes from several aspects. First of all, research on CSR disclosure as a whole, which includes CSR disclosure quality and CSR disclosure quantity, is still not widely found in Indonesia, especially by measuring the unique CSR disclosure quantity. Second, the variable degree of multinational activity is still rarely analyzed, especially in Indonesia.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Legitimacy Theory

Legitimacy theory holds that organizations do not have rights to have resources or even for them to exist (Deegan, 2002; Deegan, 2019). Organizations are considered to exist only if the community considers that they are legitimate. In legitimacy theory, it is the society that gives organizations the status of legitimacy. Conformity between the company's activities and the society's expectations provides the company legitimacy. In this case management looks for legitimacy, and therefore, they manage their company with a legitimizing strategy (Deegan, 2019; Milne & Patten, 2002). The legitimizing strategy carried out by management must be accompanied by disclosure because without disclosure, the public's perception of the organization will not change. One of the legitimizing strategies organizations can carry out is doing disclosures (Deegan & Blomquist, 2006). In this case, the company can use CSR disclosure as evidence that they have met the society's expectation (Omran & Ramdhony, 2015).

Stakeholder Theory

Stakeholder theory explains the relationship between the organization and the parties with interest in the company. Organizations are responsible to their shareholders and their stakeholders (Omran & Ramdhony, 2015). Besides that, organizations must strive to meet the expectations of various stakeholders because organizations have responsibilities to these stakeholders. Even, they can fulfill their responsibilities by carrying out activities considered necessary by their stakeholders and making disclosures (Fernando & Lawrence, 2014). The righteous branch talks about how management should treat its stakeholders. The focus of the branch is on the responsibilities of the organization. The form of responsibility that the company can carry out is CSR disclosure (Omran & Ramdhony, 2015). In contrast, the executive branch focuses on how the organization manages its stakeholders (Mason & Simmons, 2014). This branch emphasizes disclosure as a management strategy to manage the relationship between the organization and its stakeholders. One form of disclosure that can be done to manage relationships with stakeholders is to do CSR disclosure (Omran & Ramdhony, 2015).

Board Size and CSR Disclosure

Board size is one of the most crucial dimensions of CG in overseeing whether the company's activities are appropriately managed (Zaid et al., 2019). The capacity of the board of commissioners to monitor and control will increase as the board size increases (Adel et al., 2019; Hassan, 2014). The larger the board size, the more diverse the knowledge and experiences of the board of commissioners, which causes the capacity of the board of commissioners to carry out more monitoring. In the end, it can lead to the company's better disclosure policy (Adel et al., 2019), including its CSR disclosure policy because the board of commissioners plays a role in determining its CSR strategy and policies (Barakat et al., 2015). Therefore, it can be concluded that the larger the board size can encourage companies to react positively to expectations (Coffie et al., 2018), responsibility, and manage their relationships with stakeholders, which is manifested in increased CSR disclosure.

H_1: The larger the board size, the higher the CSR disclosure quality

H_2: The larger the board size, the higher the CSR disclosure quantity

Independent Commissioners and *CSR Disclosure*

The presence of independent commissioners in the BOD is one of the critical CG mechanisms because their presence can increase supervision over management and strengthen the effectiveness of BOD (Fernández-Gago et al., 2018). In addition, independent commissioners reduce conflicts between company owners and managers (Hassan, 2014) and conflict in terms of voluntary disclosure in the annual report (Barako & Brown, 2008). Independent commissioners want to protect stakeholder interests by increasing disclosure to reduce information asymmetry (Qa'dan & Suwaidan, 2019). Independent commissioners also have a significant role in determining the disclosures made and supervising the disclosures made (Coffie et al., 2018). In addition, independent commissioners have been shown to make profitable decisions for the company in the long term, for example, sustainability reporting (Adel et al., 2019). Therefore, it can be concluded that independent commissioners in the company can encourage companies to react positively to expectations (Coffie et al., 2018), responsibilities, and managing their relationships with stakeholders, which is manifested in the form of increased CSR disclosure.

H_3: The larger the composition of the independent commissioners, the higher the CSR disclosure quality

H_4: The larger the composition of the independent commissioners, the higher the CSR disclosure quantity

CSR Committee and CSR Disclosure

The existence of the CSR Committee as a sub-committee itself indicates that the company cares and continuously carries out its social responsibilities (Adel et al., 2019; Hassan, 2014), in addition to maintaining a commitment to sustainability at the top level of the company (García-Sánchez et al., 2019; Mahmood et al., 2018). The CSR committee indicates that the company operates with attention to its social responsibilities (Coffie et al., 2018). The establishment of a CSR committee helps ensure that the values adopted by the company follow the values that exist in society (Alshbili et al., 2020). The CSR committee has the task of ensuring that the company involves stakeholder engagement in making CSR disclosure policies (Adel et al., 2019). Therefore, it can be concluded that the existence of a CSR committee is one of the factors that enable companies to react positively to expectations (Coffie et al., 2018), responsibilities, and managing their relationships with stakeholders, which is manifested in the form of increased CSR disclosure.

H_5: The existence of a CSR committee improves CSR disclosure quality

H_6: The existence of a CSR committee improves CSR disclosure quantity

Substantial Shareholder and *CSR Disclosure*

The more spread ownership of a company, the more CSR disclosure increases because more diverse shareholders require more information to monitor management (Coffie et al., 2018). Companies with scattered ownership are more motivated to do disclosures (Adel et al., 2019) because they are dealing with broader public accountability (Ghazali, 2007). The disclosure provides benefits for the company by showing it looks accountable (Haji, 2013). On the contrary, companies with concentrated ownership have less motivation for CSR disclosure due to the reduced need for transparency (Coffie et al., 2018) and easy access to information for shareholders with significant holdings (Adel et al., 2019). Therefore, the greater the concentration of company ownership or substantial shareholders in the company, the more negative the response to expectations (Coffie et al., 2018), responsibility, and managing relationships with stakeholders, manifested in decreased performance CSR disclosure.

H_7: The higher the substantial shareholder ownership, the lower the CSR disclosure quality

H_8: The higher the substantial shareholder ownership, the lower the CSR disclosure quantity

Degree of Multinational Activity and CSR Disclosure

The degree of multinational activity affects expectations of corporate social responsibility (Hassan, 2014). Based on legitimacy theory, the degree of multinational activity can affect expectations of CSR disclosure because the company tries to respond to expectations. Expectations can come from the home country or host country. Therefore, the greater the degree of multinational activity of a company, the more expectations it faces, leading to an increase in CSR disclosure to maintain its legitimacy (Coffie et al., 2018). Degree of multinational activity affects the number of stakeholders of the company. Therefore, the greater the degree of multinational activity, the more stakeholders. Based on stakeholder theory, companies are responsible to shareholders and stakeholders (Omran & Ramdhony, 2015). As a form of responsibility to stakeholders and to manage good relationships, the company fulfills its social responsibility.

H_9: The higher the degree of multinational activity, the higher the CSR disclosure quality

H_{10}: The higher the degree of multinational activity, the higher the CSR disclosure quantity

3. RESEARCH METHOD

Data and Sample

This study uses secondary data derived from the annual reports of multinational companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020, except for companies in the financial sector. A company is defined as a multinational company if it has subsidiaries in other countries (Alhorr et al., 2012; He & Cui, 2012; Nugroho & Suryarini, 2018; Vahlne et al., 2018). The researchers took the sample by using non-probability purposive judgment sampling - a sampling method. The sample was selected according to the predetermined criteria. For this study, all samples must meet two criteria; first, the company's annual report was available in 2018-2020; second, the company has a closing date of December 31. The total sample in this study was 291 firm years.

Dependent Variable

The dependent variables in this study are CSR disclosure quality and CSR disclosure quantity. CSR disclosure is measured by content analysis. Content analysis is the most common way to assess social responsibility disclosure by reading the company's annual report. The CSR disclosure quality score is obtained by comparing the scores obtained from the annual reports of multinational companies with the maximum total score. The measurement instrument uses an index containing 32 disclosure items (Zaid et al., 2019) with a weighted method (Omar & Alkayed, 2020). The weight score given to each disclosure item is in the range 0-3. '0' if the company does not disclose information regarding the item at all. '1' if the company discloses the item qualitatively and not specifically. '2' if the company discloses the item qualitatively and specifically. '3' if the company discloses the item quantitatively.

$$\text{CSRDQ} = \frac{\text{Score}}{\text{Total Score}} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(1)}$$

CSR disclosure quantity is measured by counting the number of sentences, graphs, and images in the annual reports of multinational companies that describe the CSR disclosures of multinational companies according to the index (Zaid et al., 2019). A score of '1' for each sentence, graph, and picture corresponds to the disclosure item, otherwise 0.

$$\text{CSRDQT} = \Sigma\, \text{sentence, graph, picture} \ldots\ldots\ldots\ldots\ldots \text{(2)}$$

Independent Variable

The independent variables in this study are Board size, independent commissioner, CSR committee, substantial shareholder, and degree of multinational activity. The variables and their measurements are presented in Table 1.

Table 1. Independent variable

Variable	Measurement	Expected Sign
Board Size (BS)	Total members of the company's board of commissioners.	Positive
Independent commissionaires (IC)	Percentage of independent commissioners to members of the company's board of commissioners.	Positive
CSR Committee (CSRC)	Dummy variable, 1 if there is a CSR committee, and 0 otherwise.	Positive
Substantial Shareholder (SS)	Percentage of ownership held by substantial shareholders (shareholders with ownership of more than 5%).	Negative
Degree of Multinational Activity (DMA)	The Number of countries where the company's subsidiaries are located.	Positive

Control Variable

The control variables are company size, type of activity, foreign ownership, and profitability. Company size positively affects CSR disclosure (Chan et al., 2014; Coffie et al., 2018; Fifka, 2013; Hassan, 2014). Type of activity has a positive effect on CSR disclosure (Coffie et al., 2018; Fifka, 2013; Hassan, 2014). Foreign ownership positively affects CSR disclosure (Akano, 2013; Attig et al., 2016; Kang, 2013; Symeou et al., 2018). Profitability positively affects CSR disclosure (Brammer & Pavelin, 2006; Chan et al., 2014; Fifka, 2013).

Table 2. Control variable

Variable	Measurement	Expected Sign
Company Size (lnCS)	LN (natural logarithm) total assets.	Positive
Type of Activity (TA)	The dummy variable, '1' if the company is a mining or manufacturing sector, '0' otherwise.	Positive
Foreign Ownership (FO)	Percentage of ownership owned by a foreign shareholder.	Positive
Profitability (PRO)	Return on assets	Positive

Regression Model

On the contrary, Coffie et al. (2018) with their research data analysis, they used the multiple linear regression method because it uses cross-section data and does not aim to get predictions. Therefore, it is not processed by panel regression. The research model is as follows.

$$CSRDQ = \alpha + \beta_1 BS + \beta_2 IC + \beta_3 CSRC + \beta_4 SS + \beta_5 DMA + \beta_6 lnCS + \beta_7 TA + \beta_8 FO + \beta_9 PRO \ldots\ldots\ldots\ldots\ldots\ldots..(3)$$

$$CSRDQT = \alpha + \beta_1 BS + \beta_2 IC + \beta_3 CSRC + \beta_4 SS + \beta_5 DMA + \beta_6 lnCS + \beta_7 TA + \beta_8 FO + \beta_9 PRO \ldots\ldots\ldots\ldots\ldots...(4)$$

BS : Board Size
IC : Independent commissionaires
CSRC : CSR Committee
SS : Substantial Shareholder
DMA : Degree of Multinational Activity
CSRDQ : CSR Disclosure Quality
CSRDQT : CSR Disclosure Quantity
lnCS : Natural Logarithm Company size
TA : Type of Activity
FO : Foreign Ownership
PRO : Profitability

4. DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

Table 3 shows the descriptive statistics of the research variables. There are eleven variables described in this descriptive statistic which includes dependent, independent, and control variables. The mean value of CSR Committee is 0.01 because only two companies have a CSR committee out of a total sample of 291.

It presents the analysis of the related results, theories, and hypotheses (if any) based on the writer's reasoning. Data analysis and discussion should be presented in brief but clear and it is not dominated by table presentation. The tables which are presented should not be the rough output but in the processed and brief summary (Huffman 1996). Tables and pictures are presented consistently in the center and the titles are above for the tables and below for the pictures. It presents the analysis of the related results, theories, and hypotheses (if any) based on the writer's reasoning. Data analysis and discussion should be presented in brief but clear and it is not dominated by table presentation. The tables which are presented should not be the rough output but in the processed and brief summary. Tables and pictures are presented consistently in the center and the titles are above for the tables and below for the pictures (Daniel 2009).

Table 3. Descriptive statistics

Variable	Min	Max	Mean	SD
CSRDQ	0.0625	0.79170	0.4643	0.1497
CSRDQT	8.000	412.000	118.0000	86.069
BS	2.000	10.000	4.4400	1.7420
IC (%)	25.0000	80.0000	41.7113	9.9972
CSRC	0.0000	1.0000	0.0100	0.0830
SS (%)	24.3100	99.6400	70.6059	16.5533
DMA	0.0000	10.000	1.7300	1.5730
CS	24.0413	32.7256	29.5821	1.5316
TA	0.0000	1.0000	0.5700	0.4960
FO (%)	0.0000	100.0000	30.5703	28.0906
PRO	-2.4852	0.9273	0.0101	0.2292

Hypotheses Testing

Hypothesis testing was done after passing the classical assumption test to ensure the reliability of the data. This study used multiple linear regression to analyze the data with the Alpha of 5%. If the significance is <0.05, it means that the independent variable significantly affects the dependent variable. Table 4 presents the results of hypothesis testing.

Table 4. Results of hypothesis testing

	Model 1 (CSRDQ)		Model 2 (CSRDQT)	
	t	Sig.	t	Sig.
BS	1.632	0.052	2.819	0.003**
IC	-2.689	0.004**	-1.112	0.134
CSRC	1.981	0.025*	4.378	0.000**
SS	1.316	0.095	0.349	0.364
DMA	-0.359	0.360	-0.756	0.225
CS	6.018	0.000**	4.578	0.000**
TA	0.803	0.212	0.117	0.454
FO	-0.372	0.355	-0.357	0.361
PRO	1.219	0.112	-0.179	0.429
Adj. R-Square	0.242		0.221	

Note: asterisks in parenthesis (**, *) denotes significance levels (1%, 5%)

From the empirical results presented in Table 4, the first model shows that the variables that have a significant effect are the independent commissioner and the CSR committee. The independent commissioner variable has a significance value of 0.004 or less than 0.05. The CSR committee variable has a significance value of 0.025 or less than 0.05. The independent commissioner variable has a negative t value, so it can be said that the independent commissioner variable harms CSRDQ. While the CSR committee variable has a positive t value, so it can be said that the CSR committee variable has a positive effect on CSRDQ.

In the second model, the BS and CSR committee variables have a significant effect on CSR disclosure. The BS variable has a significance value of 0.003 or less than five percent. CSR committee variable has a significance value of 0.000 or less than 0.05. The BS and CSR committee variables have a positive t value, so it can be concluded that the BS and CSR committee variables have a positive effect on CSRDQT.

Discussion

Corporate governance, CSR Disclosure Quality, and CSR Disclosure Quantity

The result of testing hypothesis 1 is in line with previous research by Adel et al., (2019), Amran et al., (2014), Coffie et al., (2018), and Alotaibi & Hussainey, (2016). The reason that can explain this insignificance is the effectiveness of the board of commissioners being a substitute for disclosure, where when the board of commissioners feels that effectiveness has been achieved, disclosure is not needed so that the board of commissioners makes less effort to disclose (Amran et al., 2014). The rejection of H1 provides evidence that neither legitimacy theory nor stakeholder theory can explain the relationship between board size and CSR disclosure quality. The empirical results of hypothesis 2 are similar to previous studies (Qa'dan & Suwaidan, 2019; Lone et al., 2016; Matuszak et al., 2019; Zaid et al., 2019).

The result above means that the larger the board size, the higher the CSR disclosure quantity. Indicates that the addition of the board size affects the company's CSR disclosure policy (Hassan, 2014). The result also indicates that large board size has various experiences and new ideas related to CSR. Therefore, monitoring becomes more effective. Besides that, there is an increase in CSR disclosure quantity (Barakat et al., 2015; Zaid et al., 2019). In legitimacy theory, increasing the number of board sizes helps companies react positively to the society's expectation by increasing the CSR disclosure quantity. Meanwhile, in stakeholder theory, increasing the number of board sizes helps companies fulfill their responsibilities and manage relationships better by increasing the CSR disclosure quantity.

The higher the composition of independent commissioners, the lower the quality of CSR disclosure. This result aligns with the research by Adel et al. (2019) and Alotaibi & Hussainey (2016). It has a negative effect because the companies with many independent commissioners have a lower need to rely on disclosure to convince stakeholders about the legitimacy of the company's operations (Adel et al., 2019). Another reason for this adverse effect is that independent commissioners focus more on financial disclosure than voluntary disclosure, including CSR disclosure (Alotaibi & Hussainey, 2016). The rejection of H3 provides evidence that neither legitimacy theory nor stakeholder theory can explain the relationship between independent commissioners and CSR disclosure quality. On the other hand, the composition of independent commissioners does not affect the quantity of CSR disclosure. Similar to the results of research by Qa'dan & Suwaidan (2019); Barakat et al. (2015); Brammer & Pavelin (2006); Coffie et al. (2018); and Orazalin (2019). The reason that can explain this insignificance is that independent commissioners consider that users of company information feel that CSR disclosure is less critical. Another reason for this insignificance is that independent commissioners tend to be passive (Orazalin, 2019). The rejection of H4 provides evidence that neither legitimacy theory nor stakeholder theory can explain the relationship between independent commissioners and CSR disclosure quantity.

The existence of a CSR committee increases CSR disclosure quality and quantity. The result of this study is in line with previous studies by Adel et al., (2019), Amran et al., (2014), Coffie et al., (2018), Hassan, (2014), and Mahmood et al., (2018). The existence of the CSR committee has a sense of concern and commitment of the company to sustainability issues. The presence of the CSR committee can make stakeholder deeper involvement such as in the process of making CSR policies, including CSR disclosure, which also helps companies adhere to the same values as those held by the community. For that reason, the existence of a CSR committee in the company provides a sufficient evidence about the company's commitment to providing quality CSR information (Coffie et al., 2018). In the context of legitimacy theory, a CSR committee's existence helps companies react positively to people's expectations through increasing CSR disclosure quality. Meanwhile, in the context of stakeholder theory, a CSR committee helps companies fulfill their responsibilities and manage relationships better by increasing CSR disclosure quality and quantity.

Substantial shareholders have no significant effect on the quality and quantity of CSR disclosure. The result of this study is the same as those of previous studies (Adel et al., 2019; Coffie et al., 2018; Haji, 2013; Hassan, 2014; Sadou et al., 2017). One reason to explain this result is that substantial shareholders focus more on corporate profits than CSR (Sadou et al., 2017). The rejection of H7 and H8 provides evidence that neither legitimacy theory nor stakeholder theory can explain the relationship between substantial shareholders and CSR disclosure quality.

Degree of Multinational, CSR Disclosure Quality, and CSR Disclosure Quantity

In line with the research by Branco & Rodrigues (2008) and Hassan (2014), the degree of multinational does not affect CSR disclosure, both in quantity and quality. This is due to the evidence that the geographical distribution of the degree of multinational activity is not a developed country, so public attention to CSR disclosure tends to be minimal (Hassan, 2014). The rejection of H9 and H10 provides evidence that neither legitimacy theory nor stakeholder theory can explain the relationship between the degree of multinational activity and CSR disclosure quality in Indonesia. Many factors influence CSR practices in multinational companies, especially the culture and integrity factors of the company. When the level of CSR culture of multinational companies is low and local ethical pressure is weak in developing countries where the company operates, companies will tend to negotiate to build external legitimacy. Furthermore, when the level of CSR embedded in multinational companies is high, and the level of local ethical pressure foreign companies faces is vital in developing countries, it tends towards camouflage to build external legitimacy (Hah & Freeman, 2014). Jamali (2010) also states that the form of multinational companies is very complex, with many differences in the characteristics of subsidiaries - such as size, resources, and strength in global networks. In addition, the different characteristics of the market environment may help explain the limited localization of CSR initiatives in some developing countries, including Indonesia.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study aims to explain the effect of corporate governance and the degree of multinational activity on CSR disclosure quality and CSR disclosure quantity. The corporate governance variables used are Board size, independent commissioners, CSR committee, and substantial shareholders. Empirical results found that board size has a positive effect on CSR disclosure quantity; the larger the board size, the more experienced and ideas of the board of commissioners. By doing so, the capacity of the board of commissioners to monitor dramatically increases. Independent commissioners reduce CSR disclosure quality because companies with many independent commissioners have a lower need to rely on disclosure such as to convince stakeholders of the company's legitimacy. The CSR committee has a positive effect on CSR disclosure quality and CSR disclosure quantity because—with the CSR committee— stakeholders will become more involved in making CSR policies. Company size has a positive effect on CSR disclosure quality and CSR disclosure quantity. In contrast, other variables do not affect CSR disclosure quality and CSR disclosure quantity. In conclusion, three hypotheses were accepted, and seven hypotheses were rejected. Only a few corporate governance variables affect CSR disclosure quality and CSR disclosure quantity, while the degree of multinational activity does not affect CSR disclosure quality and CSR disclosure quantity.

This research contributes to the present scientific development. The form of the contribution is the development of the existing literature on multinational enterprises, especially regarding the influence of corporate governance and the degree of multinational activity on CSR disclosure in multinational companies. In addition, this study contributes to the limited literature on the practice of CSR disclosure in multinational companies in developing countries. This research also contributes to multinational companies, so that multinational companies can find out which characteristics of corporate governance can encourage better CSR disclosure. In this case, several corporate governance characteristics that can increase CSR disclosure are Board size and CSR committee. In addition, this research also contributes to the government, wherewith this research, the government can realize the lack of regulation regarding CSR disclosure, so that there is an imbalance between CSR disclosure in one company and another.

This study has several limitations. First, the measurement of the CSR disclosure variable is subjective, and the research period is relatively short, so it cannot describe the phenomenon more clearly. Second, the sample of multinational companies is not differentiated in detail regarding host and subsidiary countries. This study suggest for further study, that the researchers have to pay attention to this limitation such as by measuring CSR disclosure with several measurement instruments and mapping the categories of multinational companies.

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APPENDICES

CSR Disclosure Index

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	4	Energy efficiency
	5	Recycling waste products
	6	Pollution control – air and water
	7	Involvement in environmental organizations
	8	Prevention or repair of damage to the environment
	9	Radiation safety/ emission information
Human Resources Disclosure	10	Number of employees
	11	Employee training and education
	12	Employee health and safety
	13	Provident and pension funds; compensation
	14	Employee remuneration
	15	Information about firm's stability and future
	16	Safety in workplace
	17	Employment opportunities
	18	Employee assistance/ benefits
Product and Consumers Disclosure	19	Product quality information
	20	Product safety information
	21	Improvement in product quality
	22	Consumer safety
	23	Improvement in customer service
	24	Consumer complaints, satisfaction
Community Involvement Disclosure	25	Charitable donations and activities
	26	Sponsoring educational program
	27	Social welfare
	28	Sponsoring sporting or recreational projects and gifts
	29	Relations with the local population
	30	Support for public health
	31	Support for the arts and culture
	32	Sponsoring conferences, seminars or exhibits

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