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The Impacts of Good Corporate Governance on Corporate Performance with Corporate Social Responsibility Disclosure as the Intervening Variable

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The main objective of this study is to prove empirically the impact of good corporate governance on corporate performance, with corporate social responsibility disclosure as an intervening variable on manufacturing companies listed on the Indonesia Stock Exchange (ISX) of the 2011-2013. The sample chosen used purposive sampling method and 56 companies were obtained. The path analysis method was used as the analysis technique, which was solved by gradual regression analysis, with a significant value of 5%. The results of this study show that (1) managerial ownership effected corporate social responsibility disclosure. (2) Independent commissioners have no effect on corporate social responsibility disclosure. (3) Corporate social responsibility disclosure and independent commissioners have an effect on corporate performance. (4) Managerial ownership does not affect corporate performance, and (5) corporate social responsibility disclosure mediates the impacts of managerial ownership against corporate performance, but does not mediate the impacts of independent commissioners against corporate performance.

Key words: *Good corporate governance, managerial ownership, independent commissioner, corporate social responsibility disclosure, corporate performance.*

JEL Classification: L2, M14, G3

Introduction

The occurrence of some fraudulent cases conducted by the management has taught companies to ensure the implementation of a good supervisory system known as Good Corporate Governance (GCG) in order to protect the stakeholders' interests and trusts, and to provide security guarantees of funds or assets embedded in the corporate, as well as it's efficiency. The Cadbury Committee (1992) states that the existence of different interests in the corporate leads to corporate governance which is expressed as the corporation management and control system. The corporate governance system consists of various regulations that explain the relationship between shareholders, managers, creditors, government and other stakeholders; various mechanisms that directly or indirectly enforce these rules or the so-called internal and external corporate governance mechanisms (Wulandari, 2006; Wardhana, Tjahjadi dan Permatasari, 2017).

Similarly, as revealed by Murwaningsari (2009) that the implementation of GCG is necessary to meet the trust of the people and the international world as an absolute requirement for a well-developed and healthy industry whose ultimate goal is to realise the stakeholder value. Mitton states in his research (2002), from the samples of 398 firms in Asia during the Asian financial crisis of 1997-1998, good corporate governance can protect the minority shareholders from being expropriated by the managers. Mitton also found that the GCG level differences in every company have a strong impact on the corporate performance (Windah dan Andono, 2013; Nasih *et al.*, 2019).

The increase of the corporate performance will be better if it is in line with the increase of environmental and social responsibilities. Corporate performance is an important thing that must be achieved by every firm anywhere. since it is the reflection of the corporate competence in managing and allocating it's resources. Good business governance is required to manage them. In addition, the social environment also demands the fulfillment of corporate social responsibilities called Corporate Social Responsibility (CSR) (Supriyati dan Tjahjadi, 2017).

Mahoney and Roberts (2007), as cited by Razak and Mustapha (2013), state that the CSR practice not only enhances the corporate performance but also attracts the positive responses of the investors. This suggests that investors consider that corporate social information is as important as financial information, and they take social information into a consideration in the decision-making process. Obviously, CSR can be regarded as a form of corporate responsibility to improve social disparity and environment damage caused by the corporate operational activities. The more accountability that the company has to it's environment, the more the corporate image increases. Investors are more interested in companies that have a good image in the community, because of the better the corporate image, the higher the consumer loyalty. So, in the long run, corporate sales will improve and corporate profitability will also increase. If the company runs smoothly, then the corporate stock value will also boost. A number of descriptions above show that the application of GCG and the implementation of CSR activities cannot be separated from the performance of the company.

Several studies have been conducted on the effect of GCG implementation on corporate performance as well as the impact of CSR disclosure on corporate performance but they still show inconsistencies. The research conducted by Jo and Harjoto (2011), shows that CSR and GCG affect the corporate's value. However, CSR activity is more significant than GCG internal and external mechanisms. Similarly, the research conducted by Murwaningsari (2009) shows that GCG has an effect on corporate performance and CSR disclosure. The existence of inconsistencies in the previous research results becomes the background of this research to re-examine CSR disclosure as the intervening variable and how the influence of GCG is on corporate performance (Maradita, 2014).

Literature Study & Hypotheses Development

Agency Theory

Agency relationships is a connection between the company owner (principal) and the agent, by delegating the decision-making authority to the agent. The existence of a relationship between the agent and principal can trigger a conflict of interest where the owner is more interested in maximising the returns and the price of the securities of the investment; while the agent has wide psychological and economic needs, that includes maximising the compensations. The contract made between the owner and the manager is expected to minimise the conflict between the two interests. The concept of Good Corporate Governance is associated with how to ensure adequate guarantees for the stakeholders, that the manager will abide by the corporate ethical mechanism and will not commit any deception in managing the company so as to improve corporate performance (Jensen dan Meckling, 2012).

Signaling Theory

The Signaling Theory (the signal theory) emphasises the importance of information released by the company against the investment decisions of the party outside the company. The signal theory indicates the presence of asymmetrical information between the company management and the parties concerned with the information and suggests how companies provide signals to the users of the financial statements (Retno dan Priantinah, 2012). Therefore, the signal theory emphasises that the company will tend to present complete information to obtain a better reputation than a company that does not disclose, which will eventually attract investors and the corporate performance will increase.

Good Corporate Governance (GCG)

The World Bank defines GCG as a collection of laws, regulations, and rules that must be met, which can encourage the performance of corporate resources to function efficiently in order to generate long-term, sustainable economic value for the shareholders and the surrounding community as a whole. Thus, the implementation of GCG is believed to improve corporate performance (Arief, 2009; Qolbia, 2017).

The GCG mechanism, among others, includes managerial ownership and independent commissioners. Managerial ownership is defined as the percentage of shares held by the management who actively participate in corporate decisions including the commissioners and directors. Managerial ownership allows managers to dominate the company and decide which strategies and policies the company will take, because in this case the manager also acts as a shareholder (Khan, Muttakin dan Siddiqui, 2013). While an independent commissioner is a member of the board of commissioners who are not related to the board of directors, other members of the board of commissioners and shareholders, and free from any business or other relationship which can affect his/her independence. The presence of independent commissioners is believed to strengthen the board by monitoring management activities, and ensuring that the interests of investors are protected (Esa dan Anum Mohd Ghazali, 2012).

Corporate Social Responsibility (CSR)

CSR is the corporate commitment to act ethically and contribute to sustainable economic development and to improve the life quality of the employees and their families, local communities and the broader community (Mardikanto, 2014). In it's activities, every company will interact with it's social environment. The consequences of such interactions require reciprocity between the company and it's social environment which has the implications for the emergence of social impacts on the corporate operations on it's environment. The company will communicate about the social and environmental impacts of economic activities in the form of CSR disclosure.

Corporate Performance

Performance is a description of the achievement level of implementing corporate activities in realising the organisation's goals, objectives, mission and vision of the contained in the strategic planning of a company (Nuswandari, 2009). Relatively the corporate stock price in the industry is a reflection of the corporate performance achievement.

Positive Influence of Managerial Ownership on Corporate Social Responsibility Disclosure

A study conducted by Murwaningsari (2009) shows that managerial ownership has a positive significant influence on CSR; in line with the research of Jo and Harjoto (2011) which shows that managerial ownership has a positive effect on CSR. This means that if managerial ownership increases then the width of CSR of the corporate disclosure will rise as well. However, in a study conducted by Razak and Mustapha (2013), no relationship was found between managerial ownership and CSR. The similar thing happened in the research conducted by Khan et al. (2013) which also shows no relationship between managerial ownership and CSR (Jo dan Harjoto, 2011).

H1 = Managerial ownership positively affects corporate social responsibility disclosure.

Positive Effect of Independent Commissioners on Corporate Social Responsibility Disclosure

The result of the research of Khan et al (2013) shows that there is a significant positive impact on the proportion of the independent commissioner against the width of corporate social responsibility disclosure. Jo and Harjoto (2011) also encounter a positive effect on the proportion of the independent commissioner and CSR. This points out that the position of independent commissioners in the company is a representative of the community so that the independent commissioners will support the corporate activities in implementing corporate social responsibility (Khan, Muttakin dan Siddiqui, 2013). However, this is different from Razak and Mustapha’s (2013) research which finds no influence of board independence against CSR disclosure. The research by Said et al. (2009) also found no effect between independent commissioners and CSR of the corporate disclosures.

H2 = Independent commissioners have a positive effect on corporate social responsibility disclosure.

The Positive Effect of Corporate Social Responsibility Disclosure to Corporate Performance

Lajili and Zeghal (2006) cited by Murwaningsari (2009), found that companies that disclose more human capital information have a better financial performance compared to companies that slightly disclose the information. Murwaningsari (2009) and Jo and Harjoto (2011) found that CSR disclosure has a significant positive effect on corporate performance which is a proxy with Tobin's Q. Retno and Priantinah (2012) showed a positive influence of CSR disclosure on corporate performance.

H3 = Corporate social responsibility disclosure positively affects corporate performance.

The Positive Effect of Managerial Ownership on Corporate Performance

Murwaningsari (2009) found that managerial ownership had a significant positive effect on Tobin's Q. The research by Jo and Harjoto (2011) shows that insider ownership positively affects Tobin's Q. Retno and Priantinah (2012) showed a positive influence of CSR disclosure on Tobin's Q. This demonstrates that good GCG implementation and CSR disclosure may enhance the corporate reputation. However, this is not in line with Douma et al. (2002), in which the researchers did not find the effect of managerial ownership on corporate performance that is Tobin's Q.

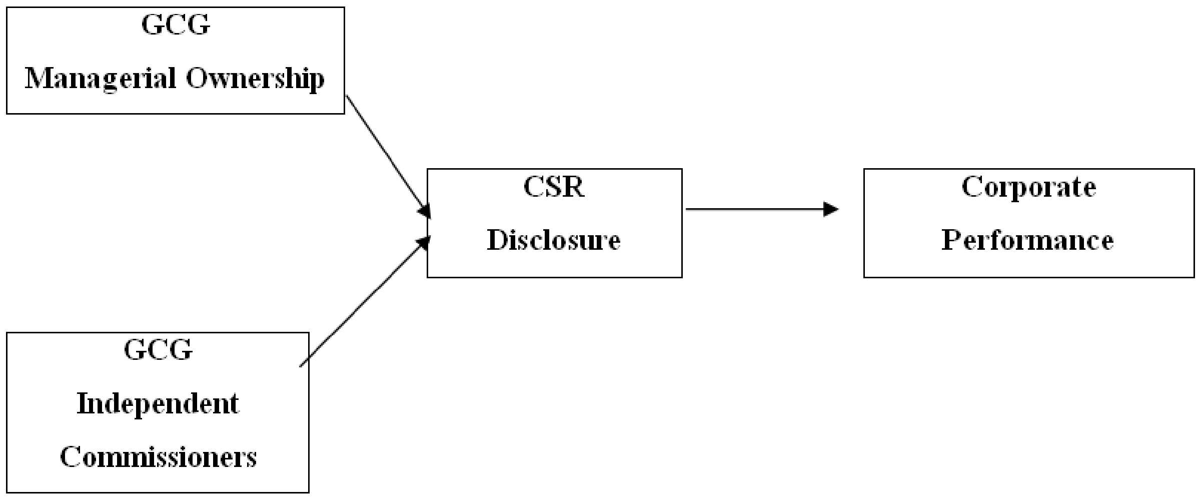
H4 = Managerial ownership positively affects corporate performance.

Positive Effect of Independent Commissioners on Corporate Performance

Independent commissioners increase effectiveness in supervising management to prevent fraud in the financial statements (Isnanta, 2011). Research on the influence of independent commissioners on Tobin's Q was conducted by Wu et al. (2009) which indicates a positive influence of board independence on Tobin's Q. However, the research was not in line with Jo and Harjoto (2011) who found that independent commissioners have no effect on Tobin's Q.

H5 = Independent Commissioners positively affect corporate performance.

Figure 1. Conceptual Framework



Research Methods

Data Types and Sources

This quantitative research used a secondary data type of ratio scale. The secondary data sources in this study were financial statements and annual reports of manufacturing companies which were listed on Indonesia Stock Exchange (IDX) of the 2011–2013. The quantitative data sources were obtained through the BEI website www.idx.co.id as well as the corporate website and ICMD data service provider.

Population and Sample

The population in this study was all the manufacturing companies that have gone public as listed on the IDX. The study period was in 2011-2013. The purposive sampling method was used in this study. The criteria used were as follows (1) the manufacturing companies listed on the Indonesia Stock Exchange of 2011-2013 period, (2) the companies did not experience delisted during the 2011-2013 period, (3) the companies have published the financial statements and annual reports consecutively during the 2011-2013 period, and (4) the companies have the comprehensiveness and appropriateness of data needed in the research.

Research Variables

The independent variable in this study was the good corporate governance consisting of managerial ownership and independent commissioners. The dependent variable was corporate performance measured by Tobin's Q. The intervening variable is the corporate social responsibility disclosure.

Definition of Variable Operational

Managerial Ownership

Managerial ownership (insider ownership) is the proportion of shareholders from the management who actively participate in corporate decisions (directors and commissioners) (Pujiati dan Widanar, 2009). The proportion of managerial ownership is the number of shares held by the management within the company. This can be calculated by the following formula:

$$\text{Managerial Ownership} = \frac{\text{Number of Shares Owned by the Management}}{\text{Outstanding Total Shares}}$$

Independent Commissioners

An independent commissioner is a member of the board of commissioners who are not affiliated with management, other members of the board of commissioners and controlling shareholders, and is free from any business or other relationships (National Committee on Governance Policy, 2006). The proportion used is an independent commissioner in the structure of the board of commissioners. The formula used is as follows:

$$\text{Independent Commissioner} = \frac{\text{Number of Independent Commissioners}}{\text{Number of Commissioners}}$$

Corporate Performance

Company performance is measured using Tobin's Q (Klapper dan Love, 2004). Tobin's Q calculations are tailored to the financial transactions of the companies in Indonesia (Darmawati, Khomsiyah dan Rahayu, 2005) which are included in this study with the following formula:

$$\text{Tobin's Q} = \frac{Market\ Value\ of\ Equity + Debt}{\text{TA}}$$

Explanation

MVE = The closing price of the final yearbook multiplied by the number of outstanding ordinary shares
Debt = The book value of total debt
TA = The book value of total assets

Corporate Social Responsibility Disclosure

The disclosure of social responsibility checklist is conducted using 78 disclosure items, as used by Murwaningsari (2009) and Sembiring (2006). The items are classified into 7 categories with 78 disclosures namely, the environment (13 items), energy (7 items), worker's health and safety (8 items), other things about labour (29 items), products (10 items), community involvement (9 items), and general (2 items). CSRD is measured using a dichotomous approach. If CSR is disclosed it will be assigned a value of 1, and if it is not disclosed it will be assigned a value of 0. The entire value of each item will be estimated to be the result of the overall assessment of each corporate (Haniffa dan Cooke, 2005). The formula for calculating CSR disclosure index is as follows:

$$CSRD = \frac{\Sigma\, Xij}{Nj}$$

Explanation:

CSRD: Corporate Social Responsibility Disclosure Index of j corporate
Xij: Number of items of corporate disclosure j (dummy variable)
Nj: Number of disclosure items (78 items)

Data Analysis Technique

The research used the path analysis which was solved by using the hierarchical regression (gradual regression). The regression equation used was:
Regression equation (1):

CSRD = α + β1KM + β2KI + e

Regression equation (2):

KP = α + β3CSRD + β4KM + β5KI+ e

Where:

CSRD = Corporate Social Responsibility Disclosure
CP = Corporate Performance
MO = Managerial Ownership
IC = Independent Commissioner
α = The constants of the regression equation
e = Residual or prediction error

Furthermore, to see the effect of the independent variables partially to the dependent variable then t-test and calculation of determination coefficient were conducted.

Results and Discussions

Description of Research Objects

The following is the target population in the study that is, 56 companies. Based on the purposive sampling criteria this study used the entire target population during the 2011-2013 so that the sample amounted to 168.

Table 1: Population Target

No	Sample Details	Total
1	Number of manufacturing companies listed in the IDX in 2013	**141**
2	The companies delisted in 2011-2013	**16**
3	The companies that did not publish the financial statements and annual reports respectively in the 2011-2013 period.	**50**
4	The companies having comprehensive and appropriate data needed in the research.	**19**
Number of Companies selected		**56**

Descriptive Statistics Analysis

The descriptive statistic aimed to provide an overview regarding the variables used, such as the minimum value, maximum value, mean value and standard deviation of the research variables, respectively.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KM	168	0.000	0.758	0.477	0.144
KI	168	0.200	0.800	0.385	0.105
KP	168	0.046	15.543	2.388	2.748
CSRD	168	0.077	0.653	0.322	0.131

The results of the statistical description value show that the average value of the managerial ownership (MO) in 2011-2013 amounts to 0.477. The standard deviation value is 0.144. The smallest value of the managerial ownership is 0.000 showing no managerial ownership in several companies and it’s maximum value is 0.758 owned by the Fajar Surya Wisesa (FASW) Company. The average value of independent commissioners (IC) in 2011-2013 is 0.385. The standard deviation of the independent commissioners is 0.105. The smallest value of the independent commissioner is 0.200 owned by the Voksel Electric (VOKS) Company and it’s highest value is 0.800 owned by Unilever Indonesia (UNVR).

The average value of company performance (CP) in 2011-2013 amounts to 2.388. While the standard deviation value of the company performance is 2.748. The smallest value of the company performance is 0.046 owned by the Intanwijaya International (INCI) Company in 2012 and the highest value of 15,543 is owned by Unilever Indonesia (UNVR) in 2013. The result of the statistical description of corporate social responsibility disclosure (CSRD) in 2011-2013 is 0.322. While the standard deviation value of the CSRD is 0.131. The smallest value of CSRD is 0.077 owned by Pelangi Indah Canindo (PICO) and the highest value of CSRD is 0.653 owned by Unilever Indonesia (UNVR) and the Indonesian Cement Company (Persero) (SMGR).

Hypothesis Testing

The model analysis in this research was done by using path analysis which was solved by using hierarchical regression (gradual regression). While the first multiple linear regression tests were conducted for the hypothesis testing which examined the effects of the independent variables consisting of MO and IC against CSRD. The results of the second multiple linear regression tests that examined the effects of the independent variables consisted of MO, IC, and CSRD against CP. The comprehensive explanation is as follows:

Table 3: Regression Feasibility Test

Dependent Variables	**CSRD**		**CP**	
	B	Beta	B	Beta
(Constant)	-1.411		-0.638	
MO	0.447	0.154	-0.563	-0.097
IC	0.454	0.114	1.568	0.196
CSRD			1.698	0.267
Correlation coefficient (R)	0.178		0.367	
Coefficient of Determination (R^2)	0.032		0.135	

Based on the results of the first regression calculation with CSRD dependent variable in Table 3, the regression equation can be formulated as follows:

CSRD=0,154 MO + 0,114 IC

The regression coefficient of the study showed a positive sign. The coefficient marked positive indicates the same direction change between the independent variables against the dependent variable. This shows the variable coefficient of MO is 0.154, which means that when MO is upgraded one unit then the CSRD will increase by 0.154. And vice versa, when MO is lowered one unit then the CSRD will decrease by 0.154 with the assumption that other variables are constant. Meanwhile, the variable coefficient of IC is 0.114, which means that if IC is increased one unit then the CSRD will increase by 0.114. On the contrary, when IC is lowered one unit then the CSRD will decrease by 0.114 with the assumption that other variables are constant.

Based on the results of the second regression calculation with the dependent variable of corporate performance in Table 3, the regression equation can be formulated as follows:

CP =0,267 CSRD - 0,097 MO + 0,196 IC

The regression coefficients of the study show varying signs: positive and negative. The coefficient marked positive indicates the same direction change between the independent variable against the dependent variable. While the coefficients with the negative mark show the opposite direction change between the independent variables against the dependent variable. Table 4.3 shows the coefficient of CSRD variable of 0.267, which means that when the CSRD is upgraded one unit then the CP will increase by 0.267. On the contrary, when the CSRD is lowered one unit then the CP will decrease by 0.267 with the assumption that other variables are constant. The MO variable coefficient is -0.097, which means that when the MO is upgraded one unit then the CP will decrease by 0.097. On the contrary, when the MO is lowered one unit then the CP will increase by 0.097 with the assumption that other variables are constant. The coefficient variable of IC is 0.196, which means when IC is upgraded one unit the CP will increase by 0,196. On the contrary, when the IC is lowered one unit then the CP will decrease by 0.196 with the assumption that other variables are constant.

It can be seen that the value of R^2 in Table 3 or the coefficient of determination from the first equation with the CSRD dependent variable is 0.032. This means that the changes in CSRD variables caused by the managerial ownership (MO) and independent commissioners (IC) are equal to 0.032 or 3.2%. While the rest of 0.968 or 96.8% are affected by other variables outside the independent variables used in the study. In addition to the coefficient of determination that is known the value of the correlation coefficient is also obtained. In Table 3 the value of R or the correlation coefficient of the first equation with the CSRD dependent variable is 0.178. This means that managerial ownership (MO) and independent commissioners (IC) in conjunction are very weakly correlated with CSRD with a coefficient value of 0.178.

It can be seen in Table 3 that the value of R^2 or the coefficient of determination of the second equation with the dependent variable of company performance is 0.135. This means that changes in company performance variables caused by managerial ownership (MO), independent commissioners (IC) and Corporate Social Responsibility Disclosure (CSRD) are 0.135 or 13.5%. While the rest that is 0.865 or 86.5% are influenced by other variables outside the independent variables used in the study. In addition to the coefficient of determination that is known the value of the correlation coefficient is also obtained. It can be seen in Table 3 that the value of R^2 or the correlation coefficient of the second equation with the dependent variable of corporate performance is 0.367. This means that managerial ownership (MO), independent commissioners (IC) and Corporate Social Responsibility

Disclosure (CARD) in conjunction are very weakly correlated with corporate performance with a coefficient value of 0.367.

To know the magnitude of influence of the respective variables in the first regression namely the managerial ownership (MO) and the independent commissioners (IC) against the corporate social responsibility disclosure (CSRD) and in the second regression namely the managerial ownership (MO), independent commissioners (IC) and the corporate social responsibility disclosure (CSRD) against the corporate performance (CP), the t-test is then conducted. If the significance (p-value) of the t-test is smaller or equal to 0.05, it is concluded that the independent variables affect the dependent variables. If the significance (p-value) of the t-test is greater than 0.05, then it is concluded that the independent variables have no effect on the dependent variables.

Table 4: T-test Hypothesis

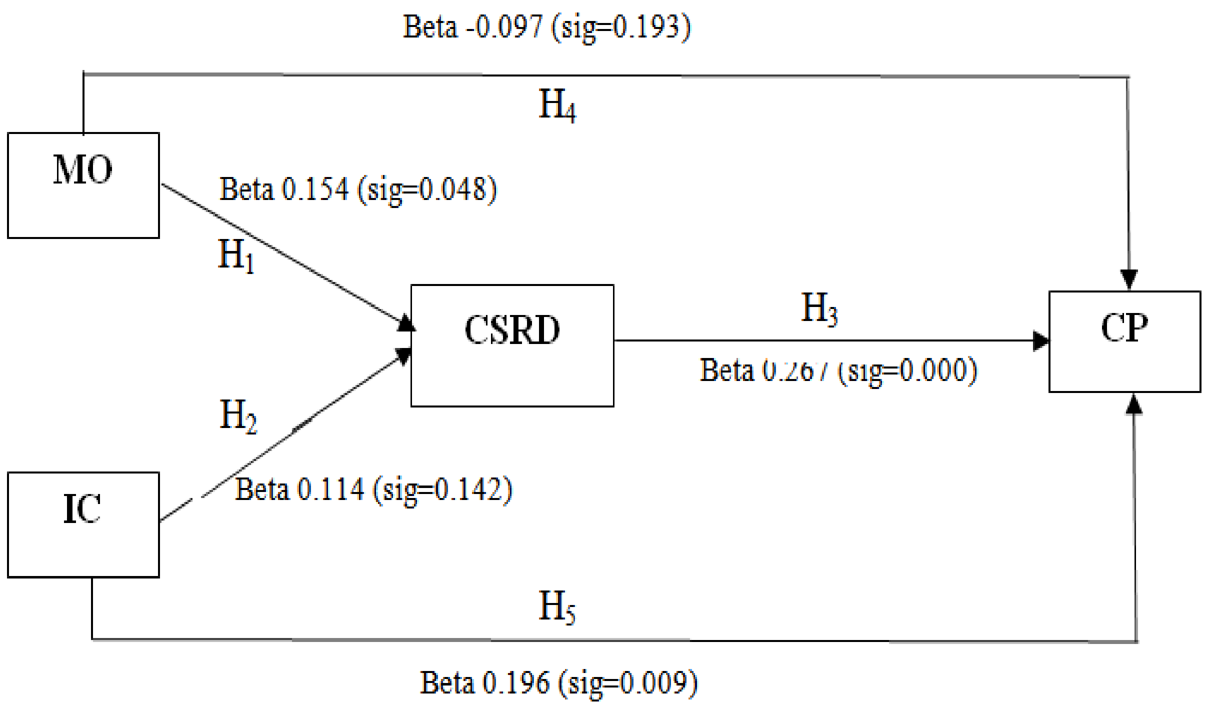
	Dependent Variables of CSRD			**Dependent Variables of CP**		
	Beta	**T**	**Sig**	**Beta**	**t**	**Sig**
KM	0.154	1.989	0.048	-0.097	-1.307	0.193
KI	0.114	1.475	0.142	0.196	2.640	0.009
CSRD				0.267	3.598	0.000

Based on the statistical tests, the t-test method has a confident level of 95%. The first regression result in Table 4 shows the value of the t-test on MO is 1.989 with a significant level of 0.048. The significant value of the t-test on MO is smaller than 0.05; therefore, the hypothesis is supported by the empirical data, and it can then be said that managerial ownership has a positive effect on corporate social responsibility disclosure. Meanwhile, the value of the t-test of the IC is 1.475 with a significant level of 0.142. The significant value of the t-test of the IC is greater than 0.05; therefore, the hypothesis is not supported by the empirical data, and it can then be said that independent commissioners have no effect on corporate social responsibility disclosure.

The second regression results in Table 4 shows the value of the t-test of CSRD is 3.598 with a significant level of 0.000. The significant value of the t-test of CSRD is smaller than 0.05; therefore, the hypothesis is supported by the empirical data, and it can then be said that the CSRD has a positive effect on company performance. Similarly, the value of the t-test of IC is 2.640 with a significant level of 0.009. The significant value of the t-test of the IC is smaller than 0.05; therefore, the hypothesis is supported by the empirical data, and it can then be said that the independent commissioners positively affect corporate performance.

Meanwhile, the value of the t-test of MO is -1.307 with a significant level of 0.193. The significant value of the t-test of MO is greater than 0.05; therefore, the hypothesis is not supported by the empirical data, and it can then be said that managerial ownership does not affect corporate performance.

Figure 2. Path Analysis Test Results



The path analysis test results show the existence of indirect influence between managerial ownership against company performance; corporate social responsibility disclosure is able to mediate the managerial ownership against company performance. The ability of corporate social responsibility disclosure in mediating managerial ownership against company performance is completely mediation, because managerial ownership against company performance is not significant. If corporate social responsibility disclosure mediates managerial ownership against company performance and the direct influence of managerial ownership against corporate performance is also significant, then it’s nature is partial mediation.

The results also show that there is no direct effect of managerial ownership on corporate performance. This means that managerial ownership has not yet proven to be able to enhance corporate performance directly. Therefore, the existence of corporate social responsibility can bridge the manager in improving company performance. Meanwhile, corporate social responsibility disclosure is unable to mediate the independent variable, namely, the independent commissioners against the dependent variables that are, corporate performance based on H^2 test results (sig.0.142), which indicates the absence of the independent commissioners' influence against corporate social responsibility disclosure. However, the test results of H_5 (sig.0.009) show the direct influence of independent commissioners against corporate performance without going through corporate social responsibility disclosure.

The Positive Effect of Managerial Ownership against Corporate Social Responsibility Disclosure

The test results with a significant of 0.05 indicate that the regression coefficient value is 0.154 with a T value of 1.989 and significant value of t-test of 0.048. As a result, H_1 which states that managerial ownership has a positive effect against corporate social responsibility disclosure is accepted. This is in accordance with the statement of Gray et al. (1988) quoted by Murwaningsari (2009), that corporate managers will disclose social information in order to enhance the corporate image, although managers must sacrifice resources for the activity.
As revealed by Oliveira and Ferreira (2011), a manager has the motivation to disclose private information voluntarily because the company expects the information to be interpreted as a positive signal about the corporate performance and reduce asymmetric information. This means that if the managerial ownership increases then corporate social responsibility disclosure conducted by the company will become more plentiful (Oliveira dan Ferreira, 2011).

The Positive Effect of Independent Commissioners on Corporate Social Responsibility Disclosure

That independent commissioner has a positive effect on corporate social responsibility disclosure is rejected because based on the test results with a significance of 0.05 shows the value of regression coefficient of 0.114 with a T value of 1.475 and a significant t-test value of 0.142. This indicates that the existence of independent commissioners within the company do not encourage companies to be engaged in activities related to corporate social responsibility. The results of this study are in accordance with the research conducted by Said et al. (2009) which found no influence between independent commissioners and corporate CSR disclosure. This is likely due to the independent board of commissioners being not effective in protecting the interests of the shareholders, because it is chosen by people who are in the same environment as the corporate board of directors (Said, Hj Zainuddin dan Haron, 2009; Abdul Razak dan Mustapha, 2013).

The Positive Effect of Corporate Social Responsibility Disclosure on Corporate Performance

Based on the test results, the regression coefficient value shows 0.267 with a T value of 3.598 and a significant t-test value of 0.000; therefore, H3 stating that CSR disclosure has a positive effect on the corporate performance is accepted. This is in accordance with the statement of

Lajili and Zeghal (2006) that companies that disclose more on human capital information have a better performance compared to companies that disclose the information slightly. Information published as an announcement will provide a signal for investors in making investment decisions (Murwaningsari, 2009). If the announcement contains a positive value, it is expected that market participants will react. This signal is expected to be positively received by the market so as to affect the performance of the company. This provides motivation for companies to disclose through annual reports that they are better than other companies that do not disclose (Lajili dan Zéghal, 2006).

The Positive Effect of Managerial Ownership against Company Performance

The test results show the regression coefficient value of -0.097 and a significant t-test value of 0.193 therefore, H^4 stating that managerial ownership positively affects the corporate performance is rejected. This is possible because the manager as a shareholder would prefer to increase his/her personal wealth rather than improving the overall performance of the company as is the basic assumption of the agency theory. The results of this study are in line with Douma et al. (2002) which concludes that managerial ownership does not affect corporate performance. The results of this study are not in line with Murwaningsari's (2009) study which found that managerial ownership affects significantly positive against Tobin's Q.

The Effects of Independent Commissioners against Corporate Performance

Based on the test results with regression coefficient value of 0.196 with a T value of 2.640 and a significant t-test value of 0.009 then, H_5 stating that the independent commissioner positively affects the corporate performance is accepted. The results of this study are in accordance with the research by Wu et al. (2009) which indicates a positive influence between board independence and corporate performance. Companies implementing good corporate governance will have a high degree of supervision and control over management which ultimately expects that the decision taken by the management aims to improve corporate performance. The existence of an independent commissioner is considered to have a positive effect on the company because independent commissioners provide a varied perspective which can increase the potential of the work environment and more creative solutions to problems within the company (Douma, George dan Kabir, 2006; Wu *et al.*, 2009).

Conclusion

This study shows that managerial ownership positively affects corporate social responsibility disclosure whereas independent commissioners have no effect. In addition, this study shows that managerial ownership has no effect on corporate performance but, corporate social

responsibility disclosure and independent commissioners have a positive effect on corporate performance. The study also found that corporate social responsibility disclosure is able to mediate the effect of managerial ownership against company performance but is not able to mediate the effect of independent commissioners against corporate performance.

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