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Anti-Corruption Disclosure in Indonesia Context: Do Board Characteristics Matter?

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ABSTRACT

Corruption remains a significant challenge for many emerging economies, including Indonesia. To address this issue, companies are increasingly expected to disclose anti-corruption practices (ACD). This study enhances the existing body of knowledge on ACD and provides insights into the relationship between board characteristics and ACD in Indonesian companies. The objective of this research is to evaluate the extent to which Indonesian companies implement ACD. Furthermore, this research investigates the influence of board characteristics on the level of ACD in Indonesian companies. A 40-item checklist, adopted from Joseph et al. (2016), was used to assess the level of ACD. To collect this data, the annual and sustainability reports of 72 Indonesian companies from 2018 were examined. Moreover, multiple regression analysis was employed to explore the influence of board characteristics on ACD. The findings indicate that a significant proportion of the sample companies demonstrated a good level of ACD, with more than half of them achieving a score exceeding 50%. The multiple regression analysis revealed a significant relationship between the frequency of board meetings and the level of ACD.

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Introduction

Corruption can be defined as the dishonest behavior of those in power or positions of authority, which is mostly related to bribery. In the modern era, corruption is perceived as the most critical problem faced in countries, especially developing ones (Transparency International, 2007). Deckard and Pieri (2017) mention that developing countries are described as having the worst corruption epidemic. Furthermore, it is also argued that developing countries still lack awareness of corrupt practices, such as gratification and bribery (Olken, 2009). For instance, Indonesia, as a developing country, is ranked 89th out of 180 countries, sharing this position with other developing countries such as Bosnia and Herzegovina and Sri Lanka (Transparency Index, 2018). Therefore, combating corruption in developing countries is crucial, which is why the UN has included the notion of reducing corruption and bribery as one of the targets of SDG 16, which promotes peace, justice, and inclusive societies (UNDP, 2014).

Additionally, corruption has been an ongoing concern for many groups, including international businesses and government agencies (Gopinath, 2008). Historically, corrupt activities, involving government procurement and dishonesty impacting public funds, were especially prevalent in some organizations (Hamilton-Hart, 2001; Neu et al., 2013). Yet, bribery and corruption are prevalent issues for commercial organizations in today's economic climate. The report on corruption and bribery in Indonesia states that 96 investigations, 99 exams, and 76 prosecutions were conducted in 2016 (Rahmansyah & Dewi, 2016). At the very least, the figures demonstrate the prevalence of corruption in Indonesia. The Indonesian government has, therefore, been actively working to reduce corruption, especially inside corporate entities.

One of the major multinational corporations in the global private sector, SAP, has been suspended due to corruption allegations associated with the former president of South Africa (Winning & Brock, 2018). An investigation of the South African Department of Water and Sanitation's contract with SAP, a German software corporation, is underway. SAP is tasked with providing IT and support services to the department. The contract value in 2016 was approximately $60 million. However, SAP has been the subject of other corruption cases. According to an additional source, SAP was involved in yet another corruption incident in 2019 that included contracts with Tanzania and Kenya. According to Bowker (2019), SAP's compliance requirements have undergone significant adjustments as a result of these two corruption incidents.

There have been instances of corporate corruption in both the public and private sectors in Indonesia. Corruption allegations involving Indonesian public sector businesses have been on the rise lately. The CEO of Garuda Indonesia was allegedly involved in bribery in 2017 while the company was buying Rolls-Royce engines to power its Airbus planes (The Jakarta Post, 2019). In addition, in early 2020, news broke of a corruption scandal at the insurance firm Jiwasraya, which had cost the firm over 10.4 trillion Rupiah. Upper-level executives complicit in the corruption were implicated. However, the authorities have also pointed to and ordered further inquiry into another corruption case involving ASABRI in the same month that the Jiwasraya incident became public (Rahman, 2020).

The fact that state-owned companies, such as Garuda, Jiwasraya, and Asabri, engage in private-sector-like business practices does not change their status as part of the public sector. This is evident from the fact that audits of state-owned companies are subject to the government's auditing office. On the other hand, in addition to the instances involving Garuda, Jiwasraya, and Asabri, there were other cases in the commercial sector, including the 2018 bribery scandal involving PT. Smart Tbk (also known as the Sinar Mas Group) and the 2019 bribery scandal involving the Lippo Group in the Meikarta real estate project. The private sector in Indonesia is home to several multinational corporations, including these two. According to Reuters (2018), bribery of government officials is a problem for the Sinar Mas and Lippo firms.

Some claim that corruption in the private sector is on par with, or perhaps worse than, that in the public sector. In the public sector, corruption affects distribution, politics, and society at large; however, in the private sector, it often leads to inefficient use of resources inside companies, which in turn affects wages or prices (Gopinath, 2008). Many large corporations around the globe are concerned about corporate activities that may arise in response to the possibility of corruption. The establishment of anti-corruption programs within organizations is one step taken to tackle such problems. The implementation of a whistleblower system in the company is often accompanied by anti-corruption initiatives outlined in the code of conduct (Onyango, 2020).

Several studies (Branco et al., 2019; Elmaghrabi & Diab, 2023; Ghazwani et al., 2024; Islam et al., 2018) have voiced skepticism about the extent to which companies are implementing anti-corruption initiatives and fulfilling their commitments to combat corruption. For instance, Dissanayake et al. (2011) evaluated media scrutiny and the networked governance of national and international government organizations (IGOs) on the corporate disclosure of bribery by two global telecommunication companies. It has been claimed that the research conducted by Dissanayake et al. (2011) is the first to develop a disclosure index for anti-corruption and anti-bribery purposes. The index was developed using criteria established by several different IGOs, including the Organization for Economic Cooperation and Development (OECD), the United Nations (UN), Transparency International (TI), and the World Bank.

Some research has focused on determining how specific board characteristics impact the level of commitment shown by leadership to specific concerns that should be communicated to stakeholders through reporting (Alfraih, 2016; Khaireddine et al., 2020; Previtali & Cerchiello, 2023). It is argued that disclosure is beneficially related to corporate governance (Previtali & Cerchiello, 2023). Although there has been empirical research on board characteristics, the results have been mixed (e.g., Al-Qahtani & Elgharbawy, 2020; Hamrouni et al, 2022)

The examination of case studies pertaining to anti-corruption initiatives that depend on voluntary disclosure is a subject of academic interest. To the best of the authors' knowledge, in the context of Indonesian companies, no prior study has investigated the connection between anti-corruption disclosure and board characteristics, although many previous studies have examined the relationship between voluntary disclosure and board characteristics (Ghazwani et al., 2024). Furthermore, Correa-Garcia et al. (2020) mention that board characteristics are a primary factor in company decisions and policies on reporting. Exploring the correlation between Anti-Corruption Disclosure (ACD) and board characteristics is expected to provide valuable insights and contribute to the current academic debate in the field of research.

The purpose of this research is to investigate the impact of board characteristics on anti-corruption disclosure in Indonesian companies that publish sustainability reports. Particularly, the study investigates the effects of Regulation Number 51/POJK.03/2017 issued by the Indonesian Financial Services Authority (OJK). This regulation requires companies in every sector to publish information about their sustainability through sustainability reporting.

This research is one of the first to assess the impact of POJK 51/2017 on anti-corruption disclosure across various sectors in Indonesia. While other studies have investigated the link between board characteristics and disclosure, this study makes a new contribution by being the first to do so. This study not only contributes to the current body of literature by providing fresh perspectives on how local legislation impacts disclosure practices, but it also offers organizations operating in a range of industries practical guidance on complying with regulatory obligations, thereby enhancing transparency and accountability.

This research contributes a significant theoretical and practical addition to the literature on corporate governance and sustainability reporting. It contributes to the existing literature by providing a deeper understanding of how board characteristics (such as gender diversity, board size, and board independence) relate to the extent of anti-corruption disclosures, based on Indonesia's unique regulatory environment. A significant change has occurred in the legislative environment with the implementation of OJK Regulation Number 51/POJK.03/2017. This regulation requires companies in all sectors to provide information about sustainability, including their anti-corruption initiatives.

By taking a comprehensive, cross-industry approach within the context of developing countries, this study fills a notable demand in the literature unlike earlier studies that mostly concentrate on developed countries or individual industries. The results indicate that local rules and regulations, like those implemented by the OJK, may lessen the effect of board characteristics on anti-corruption disclosure. This challenges and improves current theories. This provides new avenues for investigation into how the regulatory framework affects the effectiveness of governance measures aimed at increasing transparency.

This study offers practical insights for regulators, legislators, and company executives. In order to improve corporate accountability and transparency, especially in emerging economies, it is crucial to correspond the composition of boards to the expectations of regulators. According to the research, company compliance with regulatory obligations and proactive disclosure of anti-corruption policies are both enhanced in boards that are more independent and diverse. Boards must be organized in a manner that adheres to local rules while also promoting greater ethical principles. This has significant consequences for corporate governance procedures in Indonesia and other comparable countries.

In addition, the research findings are particularly relevant for businesses looking to improve their sustainability ratings and foster better relationships with their investors. Effective anti-corruption disclosure is gaining importance as a measure of commitment to sustainability in companies. Companies seeking to improve their disclosure processes in accordance with both regulatory standards and worldwide best practices might find a realistic path in the report.

The rest of the paper is structured as follows: The following section provides the literature review and hypothesis development. The methodology adopted and procedures used for data collection and analysis are explained in the next section. This is followed by the presentation of the analysis of the data and the results. Finally, the conclusion is presented, which includes recommendations for future possible studies.

Literature Review and Hypothesis Development

Legitimacy Theory

The legitimacy theory is a prominent framework for understanding why companies should inform the social information through disclosure (Patten, 2020). Legitimacy theory offers a comprehensive explanation for the tendency of companies to engage in social disclosure (Akhter et al., 2023; Garcia et al., 2021). According to Guthrie and Parker (1989, p. 344), legitimacy theory is "the notion that business operates in society via a social contract whereby it agrees to perform various socially desired actions in return for approval of its objectives, other rewards, and its ultimate survival." Companies in line with legitimacy theory, possess a set of values that should align with the values of the society in which they operate. Viewed through this theoretical lens, companies should be able to meet societal norms due to the social contract.

Companies seeking to prove their legitimacy in the eyes of the public need to demonstrate that they are doing what is right. Companies’ capacity to stay in business may be jeopardized if this does not happen (Islam et al., 2018). Deegan (2002, p. 298) highlights one of the motivations for social disclosure as it could be "successful in allaying community fears, as seems to be the intent of managers. Then, these legitimizing strategies may enable organizations that negatively contribute to various groups within society to continue operations." This notion emphasizes that companies do social disclosure to mitigate the pressure of society.

Therefore, this research employs legitimacy theory as a lens to predict ethical behavior from Indonesian companies engaging in ACD to maintain their legitimacy. Previous studies (Akhter et al., 2023; Garcia et al., 2021) leveraged legitimacy theory to explain why businesses disclose CSR information. Companies are expected to become more concerned about ACD as a result of the emergence of massive corporate corruption scandals, which have been the subject of serious discussion in society.

Agency Theory

One of the most popular approaches to understanding corporate governance is agency theory (Aslam & Haron, 2020). The relationship between board characteristics and corporate reporting has been established, and the application of agency theory was employed to shed light on the underlying reasons for this connection. According to Jensen and Meckling (1976), an agency relationship is "a contract under which one or more persons (the principals) engage another (the agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent." However, it is unlikely that the parties' interactions would be completely apolitical. It is believed that both parties seek to maximize their utility, but the agent may not do so in a way that the principals would anticipate or that serves the principals' best interests (Jensen & Meckling, 1976). Principals, on the other hand, set up an adequate incentive and pay to reduce the risk to their interests as resource owners.

The issue of conflicting interests between principals and agents is attributed to an information asymmetry that exists between them: the agent possesses more information as management than the shareholders do as principals (Previtali & Cerchiello, 2023). It is suggested that management could be acting contrary to the interests of shareholders. Therefore, it is necessary for companies to reduce the asymmetry of information between agents and principals to overcome the agency problem. Many ways have been discussed in the literature on how to reduce the agency problem generated by asymmetric information, with disclosure being the most suggested in prior studies (Ameraldo & Mohd Ghazali, 2021; Raimo et al., 2020; Zamil et al., 2023). Companies frequently improve the level of transparency in corporate reporting in order to reduce the potential conflicts of interest between agents and principals. It is also used in ACD and other forms of social disclosure. The representation of Shareholders on boards has been acknowledged to improve corporate transparency and reduce conflicts of interest between directors and management (Zamil et al., 2023). Therefore, the principals require assurance that the agents are implementing strategies to address corruption within their companies and transparently communicating such initiatives to the public via corporate disclosures.

Corporate Governance in Indonesia

As a complex framework, corporate governance (CG) includes all the ways in which an organization is governed and managed. It covers the dynamics between the many parties involved in running a business, including the board of directors, shareholders, and management. According to Previtali and Cerchiello (2023), effective corporate governance has a significant role in the prevention of corruption. This is accomplished by creating clear lines of duty, encouraging openness, and cultivating a culture of ethical behavior.

The Indonesian Corporate Governance Code provides companies in Indonesia with a comprehensive framework to pursue good governance practices. Companies are required to report their financial information in a timely and complete manner, and with accuracy, according to major laws associated with transparency. By mandating the establishment of independent boards, audit committees, and risk management systems, accountability is strengthened. In addition, the code places an emphasis on ethical behavior by encouraging honesty, fairness, and social responsibility in the operations of corporate businesses.

Companies are capable of establishing a solid basis for anti-corruption disclosure (ACD) if they adhere to the standards that are defined in the Indonesian Country Code (CG Code). When it comes to monitoring disclosure procedures and challenging management choices, independent boards composed of directors with a diverse range of skills are generally better qualified overall (Ameraldo & Mohd Ghazali, 2021). By reducing the number of chances for corruption and increasing the possibility of identifying and reporting abnormalities, transparent financial reporting, when combined with efficient internal controls, offers a beneficial combination. A strong ethical culture that is built by CG also supports a firm's commitment to reporting facts linked to corruption, which in turn helps the organization improve its reputation and establish trust with its stakeholders.

Hypothesis Development

In the context of sustainability reporting, Indonesian companies have voluntarily adopted the requirements set out by the Global Reporting Initiative (GRI). Additionally, Indonesia has enacted rule POJK No. 51/POJK.03/2017 via its Financial Service Authority. As a result, in addition to the GRI criteria, most Indonesian companies are now compiling sustainability reports in accordance with POJK No. 51/POJK.03/2017.

Many prior studies have highlighted the importance of studying the practice of corporate disclosure in the fight against corruption. Several studies have been conducted in the context of developed countries. Developed countries are arguably concerning on issues of anti-corruption, particularly in the context of private sector, which is understudied compared to the public sector. The private sector in developed countries has been experiencing numerous significant scandals involving corruption. Therefore, it is essential to examine the commitment of the private sector, including companies, to their efforts in fighting corruption and to disseminate their commitment to the public through disclosure.

Prior studies on ACD are found predominantly focused on developed countries (see Blanc et al., 2019; Branco et al., 2019; Elmaghrabi & Diab, 2023; Ghazwani et al., 2024). Most studies examine some factors influencing the practices of ACD. Only a few studies have explored the ACD in isolation. It has been found that ACD in developed countries contains numerous aspects, beyond merely assessing its effectiveness (Blanc et al., 2019; Islam et al., 2017), such as associating the ACD with media exposure (Blanc et al., 2017; Dissanayake et al., 2011; Islam et al., 2018), country-level press freedom (Blanc et al., 2017), networked governance (Dissanayake et al., 2011; Islam et al., 2018), multi-nationality (Branco et al., 2019), cross-listing (Branco et al., 2019), and membership of UNCG (Branco et al., 2019).

Specifically for Indonesian companies subject to OJK Regulation Number 51/POJK.03/2017, this study sought to identify board characteristics that are most important for anti-corruption disclosure and corporate governance practices. That is why this research focused on those attributes in our analysis. Based on their well-established theoretical and empirical relevance in affecting corporate accountability and transparency, the specified characteristics -board independence, gender diversity, board size, and board meeting- were chosen. To maintain emphasis on the most frequently studied and theoretically supported characteristics in connection to anti-corruption disclosure, additional board characteristics such as CEO duality, board tenure, or experience were intentionally left out. Although these additional factors are significant, the study's objectives did not emphasize how they affect anti-corruption efforts in light of Indonesian regulatory mandates. In Indonesia, it is unusual for a Chief Executive Officer (CEO) to also serve as the chairman of the board, suggesting that CEOs are less likely to hold multiple positions. However, CEOs frequently serve on the boards of various firms. To keep our study relevant and accurate to the real governance norms in Indonesian organizations, we have excluded CEO duality.

Independent Directors

The relationships between independent directors and corporate social disclosure have been studied before with conflicting findings (Garas & ElMassah, 2018; Ghazwani et al., 2024; Handajani et al., 2014; Previtali & Cerchiello, 2023). Previtali and Cerchiello (2023) conducted research in Italia and found that there is a negative correlation between independent directors and the level of ACD. Garas and ElMassah's (2018) study found that the presence of independent directors has an impact on the extent of corporate social disclosure within the Gulf Cooperation Council (GCC) countries. Similar to Previtali and Cerchiello’s (2023) findings, in the case of Indonesia, Handajani et al. (2014) reported that the presence of independent directors has no correlation with the extent of corporate social disclosure which justifies the similar results observed in ACD.

Due to the current high level of corruption issues affecting Indonesian companies, this study indicates that independent commissioners of Indonesian companies reasonably enhance their ACD. Businesses in Indonesia need to maintain the public's trust by being truthful and transparent. It follows that there must be some relationships between ACD disclosure and the presence of independent directors. Therefore, it is hypothesized as follows:

H1: Independent directors positively influence anti-corruption disclosure.

Board Gender

Ghazwani et al. (2024), Previtali and Cerchiello (2023), and Al-Okaily (2024) have examined the connections between board gender and ACD. Ghazwani et al. (2024), for example, found that having more women on corporate boards is significantly correlated with ACD. This finding suggests that gender diversity among board members is a deciding factor in how companies handle anti-corruption initiative. Previtali and Cerchiello (2023) provide evidence that supports the findings of Ghazwani et al. (2024). Female representation on corporate boards has been linked to increased ACD (Previtali & Cerchiello, 2023). Al-Okaily (2024) also discovered that the presence of women on corporate boards has a significant influence on the level of ACD in the UK. According to Al-Okaily (2024), boards with more women in monitoring positions perform generally better.

The presence of women on boards has been shown to have no correlation with CSR reporting in Indonesia, according to research by Handajani et al. (2014). Corporate disclosure of anti-corruption information in Indonesia is expected to increase as a consequence of a recent significant incident involving widespread wrongdoing in the country's business sector. The inclusion of more women on corporate boards has been linked to an increasing emphasis on ethical considerations around sustainability by several corporations. Consequently, since morality and ethics are more likely to be prioritized by female directors, their presence on the board may lead to greater ACD disclosure. Therefore, it is hypothesized as follows:

H2: Board gender positively influences anti-corruption disclosure.

Board Size

There have been conflicting results from previous studies regarding whether a larger board is associated with greater levels of ACD (Al-Okaily, 2024; Ghazwani et al., 2024; Previtali & Cerchiello, 2023). Al-Okaily (2024) provides evidence that the larger board does not affect the reporting of anti-corruption information by UK FTSE companies. Similarly, Ghazwani et al. (2024) discovered that larger boards have not been associated with greater levels of ACD in UK companies. However, Previtali and Cerchiello's (2023) study supports the view that board size is a significant factor in determining the level of ACD in the Italian setting.

Given the allegedly corrupt business environment in Indonesia, it is posited that a larger board at an Indonesian company may signify a more effective monitoring function. As a result, it has been assumed that a more representative board will make better decisions regarding the implementation of specific disclosures related to social issues, such as anti-corruption information. Therefore, it is reasonable to conclude that ACD disclosure is related to a larger board of directors. Therefore, it is hypothesized as follows:

H3: Board size positively influences anti-corruption disclosure.

Board Meeting

A few studies have been conducted to determine whether board meetings are linked to increased ACD (Al-Okaily, 2024; Ghazwani et al., 2024). A study conducted by Ghazwani et al. (2024) in UK, investigated the connection between board meetings and ACD. He concluded that the frequency of board meetings does not correlate with increased corporate transparency in terms of anti-corruption information.

Given the gap in prior studies and research on the relationship between board meetings and ACD, it is essential and increasingly interesting to explore this relationship in the context of Indonesia. More frequent board meetings are associated with better corporate management, which in turn encourages more careful consideration of social information, such as anti-corruption information. Board members can leverage the opportunities provided by regular meetings to engage in in-depth and substantial discussions on topics related to the recent spate of significant corruption scandals that have devastated Indonesia's businesses and environment. Consequently, this research anticipates a connection between the frequency of board meetings and ACD. Therefore, it is hypothesized as follows:

H4: Board meetings positively influence anti-corruption disclosure.

Control Variables

Three control variables were constructed based on previous studies on disclosure: profitability, company size, and leverage (Al-Okaily, 2024; Ghazwani et al., 2024; Previtali & Cerchiello, 2023). Al-Okaily (2024) posit that ACD has been linked to profitability. It is believed that ACD disclosure is meaningfully linked to company performance. Therefore, a profitable company should also have transparent ACD practices. This research expects that profitability positively influences ACD.

Additionally, a substantial correlation between company size and ACD disclosure is expected. Previous research by scholars such as Previtali and Cerchiello (2023), informs this expectation. Furthermore, larger companies are able to implement a better standard of ACD practice due to their greater financial ability and higher visibility to the public (Al-Okaily, 2024)

Finally, there has been contradictory research on the link between leverage and anti-corruption reporting (Al-Okaily, 2024; Ghazwani et al., 2024). Furthermore, it is argued that an organization's ACD disclosure would be adversely affected by its leverage ratio since the company would engage in less corporate social disclosure (Ghazwani et al., 2024). Therefore, this research expects a strong negative association between leverage and ACD disclosure.

Research Methods

Sample and Data Collection

The sample included companies from a wide range of sectors, selected based on their 2018 sustainability reports. One reason for this is that anti-corruption information is frequently provided in sustainability reports (Joseph et al., 2016), and this study aims to investigate the ACD. Each company's website was examined after the selection of a representative sample using data from the Indonesia National Center for Sustainability Reporting (NCSR) and Indonesian Stock Exchange. Companies that do not publish sustainability reports were excluded from this study. As a result, 72 companies were selected as the study's sample. The data was collected from the 2018 annual and sustainability reports of the participating companies. Both the IDX and the individual company websites will have these annual and sustainability reports available for review.

We are focusing on data from 2018 due to the Financial Services Authority's issuance of Regulation No. 51/POJK.03/2017. This regulation, which came into effect in 2017, mandated a thorough system for reporting on sustainability, with an emphasis on openness when dealing with sustainability concerns, including anti-corruption issues. Therefore, by focusing on 2018, researchers can evaluate how well companies have adhered to these new regulations and their associated guidelines. Therefore, using 2018 as the base year for data collection provides a clear picture of how different industries managed anti-corruption once the new rules were implemented.

Anti-Corruption Disclosure Index

In this research, the anti-corruption disclosure index serves as our dependent variable (see the Appendix). The index adopted from Joseph et al. (2016), which was developed by Dissanayake et al. (2011), with modifications to make it more applicable to the purposes of this research, particularly in assessing ACD in developing countries. The world Bank (WB), Transparency International (TI), the Organization for Economic Co-operation and Development (OECD), and the United Nations (UN) were referenced when constructing the ACD index (Dissanayake et al., 2011). These IGOs actively develop and implement specific guidelines relating to bribery and corruption. The index was first organized by Dissanayake et al. (2011) into seven broad categories and, then, modified by Joseph et al. (2016) to include 40 elements.

Variable Measurement

After the disclosure index is adopted, the next step is to determine the measurement of the dependent variable. The dependent variable for this study is ACD, which measures the extent of information disclosed in sustainability reports. The ACD is tested using the weighted approach. Due to its relevance to the current study, the weighted technique is adapted from Kowalczyk-Hoyer's (2012) methodology. If a specific item of the ACD disclosure is missing, the score for that item will be set to zero. Otherwise, the item of ACD disclosure presented receives a score of 0.5 or 1, respectively. The item receives a score of 1 if an explicit statement is provided over it and a score of 0.5 if the statement is merely implicit.

Table 1. Variable, Proxy, and Sources

Name	Type	Proxy	Source
(ACD)	Dependent	Disclosed = 1, Not Disclosed = 0 (Joseph et al., 2016)	Sustainability Report
(IND)	Independent	Total number of INDs, total number of board members (Ameraldo & Mohd Ghazali, 2021)	Annual Report
(BG)	Independent	Total number of female directors to total member of board (Arioglu, 2020).	Annual Report
(BS)	Independent	Total number of board members (Ozbek & Boyd, 2020)	Annual Report
(BM)	Independent	Total number of board meetings (Bredart, 2014)	Annual Report
(L size)	Control Variable	Log of total assets (Ahmad & Adhariani, 2017)	Annual Report
(ROA)	Control Variable	Profit/total assets (Ameraldo & Mohd Ghazali, 2021)	Annual Report
(LEV)	Control Variable	Total debt/total assets (Wijekoon & Azeez, 2015)	Annual Report

Source: SPSS Output

Results and Analysis
Description statistics
The ACD disclosure index ranges from a low of 5% to a high of 83%, as indicated by its descriptive statistics. The average score is 47%, while the standard deviation is 0.20, suggesting significant variation in the data. Table 2 displays the average percentages of the ACD disclosure index's 40 elements for the 72 participating companies. Only 38 out of 72 companies achieved a score of 50% or above on all 40 indicators of ACD, while 34 companies fell below the 50% threshold. Two companies out of the 40 on the ACD index achieved a perfect score of 80%, with the lowest score being 5%. Sixteen companies (22% of the total) scored between 60% and 69% on the ACD index's 40 items. The kurtosis score presented in the table indicates a deviation from normal distribution, as it is negative, implying a flatter distribution. The data associated with the level of ACD disclosure exhibits near symmetry, as evidenced by a skewness value of -0.626.

Table 2. ACD Descriptive Statistics

Frequency		
ACD (%)	**Number of Companies**	**%**
1-9	2	2.8%
10-19	10	13.9%
20-29	1	1.4%
30-39	6	8.3%
40-49	15	20.8%
50-59	14	19.4%
60-69	16	22.2%
70-79	6	8.3%
80-89	2	2.8%
Total	**72**	**100%**
Descriptive statistics		
Maximum (%)		83%
Minimum (%)		5%
Mean (%)		47%
Kurtosis		-0.446
SD		0.20
Skewness		-0.626

Source: SPSS Output

Table 3 displays the results of descriptive analyses conducted on independent variables. Values are also provided for the variance inflation factor (VIF) of variables. Only one of the independent variables, Csize (the logarithm of total assets), has a maximum, minimum, and mean score greater than zero. It demonstrates that the mean score for Csize is 31.36, the lowest score is 28.36, and the greatest score is 34.94. A company may not have the expected data for other independent variables such as independent directors, board gender, or leverage if those variables have a minimum score of zero. However, the ROA can never be lower than -0.04. Both the percentage of women on the board and the percentage of independent directors scored 0. However, Lev only managed a score of 0.04. The maximum possible values for Independent Director, Board Gender, Return on Assets, and Return on Equity (Lev) are 1, 0.40, 0.47, and 11.06, respectively. In addition, the VIF values for each variable are presented in Table 2. The results indicate that there is no problem with multicollinearity among the variables, as the values are below the maximum threshold of 9.

Table 3. Descriptive Statistics of Independent Variables

	IND	**BG**	**BS**	**BM**	**CSIZE**	**ROA**	**LEV**
Companies	72	72	72	72	72	72	72
Min.	0	0	3	5	28.26	-0.04	0.04
Max.	1.0	0.40	10	84	34.94	0.47	11.06
Mean	0.41	0.06	5.68	21.71	31.36	0.04	2.34
Std. Deviation	0.16	0.10	1.63	16.03	1.50	0.06	2.33
Skewness	0.59	1.37	0.41	1.89	0.50	4.39	1.61
Kurtosis	2.25	0.94	0.34	4.65	0.08	26.02	2.39
VIF	1.48	1.13	1.45	1.39	1.83	1.20	1.70

Source: SPSS Output

Reliability Test

Cronbach's alpha was employed to confirm the consistency of the content of the developed ACD index and its internal validity, as noted by Norusis (2006), following the literature's recommendation that the index be evaluated for reliability. Cronbach's alpha coefficients over 0.80 have been utilized to indicate a satisfactory scale in previous investigations by Anas et al. (2015). According to Table 4, the Cronbach's alpha coefficient for the whole of all 40 components is 0.93 in this research.

Table 4. Reliability Statistics

Cronbach's Alpha	0.93
Items	40

Source: SPSS Output

Correlation Results

A correlation test was performed to check whether independent variables were related. In Table 5, the Pearson correlation coefficient indicates a negative association between Ind and BG. With a significance level of p<0.05, the coefficient was -0.255. Thus, companies with more independent directors are likely to have fewer female directors. Additionally, the CS variable is strongly connected with Ind (p<0.05, 0.238 value). Thus, larger companies may have more independent directors. The study found a substantial positive association between Lev and Ind, with a value of 0.409 (p<0.01). This suggests that big companies with many independent directors have more power. Table 7, likewise, presents a substantial positive correlation between BS and BM, with a coefficient of 0.257 and a significance level of 5%. This suggests that larger boards have more meetings. At the coefficient level of 0.532, CS and BS are positively correlated, indicating that larger companies have larger boards. A 1% significance criterion applies to this association. Lev has a positive relationship with BS. At a significance level of p<0.05, the coefficient was determined to be 0.270. This suggests that leveraged companies possess larger boards. Table 5 demonstrates a strong positive correlation between CS and BM, with a coefficient of 0.445 and a significance level of 1%. This suggests that larger companies have more board meetings. At the correlation level of 0.439, BM and Lev are positively correlated, indicating that companies with higher leverage have more board meetings. A 1% significance criterion applies to this association. Lev has a favorable correlation with CS. The coefficient was 0.458, with a significance level of p<0.01. Given this, larger companies may have greater power. Low-valued correlation coefficients indicate that the independent variables do not affect one another. Tabachnick and Fidell (2013) highlight that multicollinearity may develop from a correlation coefficient greater than 0.7. This study indicates that the research model is multicollinearity-free.

Table 5. Pearson Correlations

Variables	IND	BG	BS	BM	CS	ROA	LEV
IND	1						
BG	-.255*	1					
BS	.006	.031	1				
BM	.183	-.117	.257*	1			
CS	.238*	-.060	.532**	.445**	1		
ROA	.131	.114	-.077	-.197	.217	1	
LEV	.409**	-.016	.270*	.439**	.458**	-.225	1

Notes: *p<0.05, **p<0.01 Source: SPSS Output

Multiple Regression Analysis

BM and Lev on board characteristics and control variables had substantial influence on ACD, as presented in Table 6 of the regression findings. It is interesting that BM and Lev are both at 0.10 and 0.05, respectively. Table 6 further indicates that BS and BM are the only two board characteristics that significantly affect the ACD in the regression analysis. There is a 0.10 (sig) level of significance between the values of these two variables. This suggests that BS and BM influence ACD significantly (at the 10% level). BS estimates that the impact will have a negative value of -1.92.

The previous analysis suggests that the F-value for the ACD is 3.53 (sig 0.10), while the adjusted R2 for the regression of board characteristics and control variables is 0.44. In addition, BM and Lev are shown to be significant in this section, with p-values of 0.10 and 0.05, respectively. The adjusted R2 is 0.22, and the F-value is 2.60 (at a significance level of p = 0.10). P-values of 0.07 and 0.00 for BS and BM, respectively, indicate that both are significant variables.

Table 6. Results of Multiple Regression

Variables	Board Characteristics and control variables			Board Characteristics		
	Unstandardized Coefficients	T	Sig	Unstandardized Coefficients	t	Sig
(Constant)	0.23	0.02	0.97	-0.87	-0.94	0.35
IND	-0.21	-0.65	0.52	0.19	0.57	0.57
BG	-0.21	-0.48	0.63	-0.60	-1.21	0.24
BS	-0.71	-1.16	0.26	-1.23	-1.92	0.07
BM	0.30	1.72	0.10	0.51	3.01	0.00
CS	-0.50	-0.18	0.85			
ROA	-0.10	-1.11	0.28			
LEV	0.30	2.11	0.05			
F-value		3.53			2.60	
Adjusted R^2		0.44			0.22	

Source: SPSS Output

The findings in this research suggest that only board meetings influenced the ACD among the board characteristics variables. These findings are not in line with the research conducted by Ghazwani et al. (2024) and suggest that the presence or absence of independent directors has no impact on the extent of disclosure practices. A company's disclosure of social information through corporate reporting is influenced by the number of independent directors on its board. There is a possibility that this finding may be inconsistent with the hypothesis, as it demonstrates a deviation from expectations. This inconsistency is likely due to the fact that some Indonesian companies have boards consisting of less than 30% independent directors. Furthermore, there is no requirement for publicly listed companies to maintain a minimum of 30% independent directors on their boards, and this study's dataset includes both publicly listed and non-publicly listed companies. When compared to non-publicly listed companies, public companies are required to have, at least, 30% of their board members be independent. Therefore, it is possible that the board's small proportion of independent directors limits the effectiveness of the entire board.

This finding provides further evidence that the gender diversity of boards has no impact on the extent of ACD, unlike the findings of previous studies (Al-Okaily, 2024; Ghazwani et al., 2024; Previtali & Cerchiello, 2023). Women tend to make more morally sound choices; thus, their presence on the board could primarily increase its effectiveness. The findings, however, contradict that conclusion. The study found that almost no Indonesian companies have women serving on their boards of directors. The descriptive statistics on board gender in Table 3 reveal a mean score of 0.06, suggesting that the representation of women on boards is still below 10%. This is likely why the expected effect of board gender on ACD in this study was low.

The number of board members was shown to be significantly, but unfavorably, related to performance. Therefore, the data suggests that ACD decreases as the number of boards increases. This conclusion is probably insignificant as it is difficult to determine to the level of board size, whether it is large or small, due to its variances. The average number of board members is 5.68, while the least is 3, and the highest is 10, as presented in Table 3 of the descriptive data. According to the data, the average size of an Indonesian board is between five and six members, which is far lower than the maximum of ten. However, further study on this topic is necessary. At the very least, the results suggest that only a few board members will be able to make choices with any real influence.

According to previous studies, increasing the frequency of board meetings is also associated with a larger number of ACD practices. Regular board meetings allow for in-depth discussion and the integration of all members' insights into strategic decision-making. According to Ghazwani et al. (2024), regular board meetings provide an ideal setting for discussing the range of topics that should be included in anti-corruption reporting. The regular board meetings may also provide members a chance to have in-depth, substantial conversations on the recent corruption scandals that have devastated Indonesia's business sector. According to agency theory, when the board meets often, it has the opportunity to act in accordance with the principals' expectations, which call for a great deal of transparency in order to reduce the potential conflicts of interest. Therefore, from an agency theory standpoint, regular board meetings make sense. Therefore, holding board meetings more often may improve the extent of ACD procedures.

Control variables are part of this study as well. Company size, profitability, and leverage serve as the three control variables. Only leverage, among these three variables, has a significant impact on ACD practices. It suggests that the more leverage a company has, the more likely it is to utilize ACD. However, this depends on the company's strategic goals, regardless of its size. A high level of ACD is not influenced by the company's strong financial situation. It appears that companies are not compelled to disclose a high level of ACD simply because they have the means to do so; rather, the decision to provide anti-corruption information is driven by the company's overall strategic objectives.

Conclusion

This research aims to assess the level of ACD in Indonesian companies and discover whether board characteristics, such as independent director, gender, board size, and meeting frequency, impact the level of ACD. The research included 72 publicly listed companies that published sustainability reports in 2018. After reviewing their 2018 sustainability reports, the firms were considered to have provided the most up-to-date data for this research. The following are the concluding remarks based on the empirical evidence.

The findings revealed increased ACD practice compared to previous research. Regarding ACD practices, the Indonesian companies scored best in disclosing information about whistleblowing, codes of conduct, and responsibilities of the board and senior management, outperforming other themes in the ACD index. In addition, there was room for development in the narrative structure that indicated disclosure practice. The construction of a more appropriate and applicable ACD framework is now firmly believed to require regulators' involvement.

No evidence attest that the quantity of independent directors affects the extent of ACD practices, suggesting that independent directors (commissioners) do not have an effect on this measure. The independent directors have made little to no effort to promote ACD practices within the companies or guarantee their implementation through corporate reporting. This is because the majority of independent directors prioritize profit-making over overseeing the disclosure of social information, such as anti-corruption and bribery data. Independent directors are chosen by shareholders at the annual general meeting, which lends credence to this claim. Since shareholders care primarily about making a profit, it seems reasonable that independent directors will act in their best interest. It follows that independent directors cannot have a role in shaping ACD policies and procedures in Indonesian companies.

Additionally, the gender composition of the board does not affect ACD practice. This is due to the fact that there are significantly fewer women than males serving on the boards. Due to their limited number, women directors face restrictions in their positions on the board. Furthermore, the trend of women serving on boards is in its early stages in Indonesia, where increased efforts are required to encourage more women to take up board positions. The inclusion of more women on the board may improve its ethical decision-making, particularly in matters of anti-bribery and corruption. Results from this research eliminate gender as a potential determinant of ACD practices.

Another interesting finding from this research is that board size does have a significant effect on ACD, but in a different way. There was a negative correlation between the number of boards' members and ACD practices. As a result, more board members make it harder for the board to make decisions. With a larger board, it is more challenging to address a single choice quickly, especially since each member deserves a chance to voice their opinion on specific matters. Moreover, there is a substantial risk that crucial business policies will remain unresolved with a larger board, which might lead to bribery and anti-corruption problems since social information is overlooked. Consequently, ACD practices might be diminished with a larger board.

According to this research, which looked at how often boards met and how much ACD they did, more frequent meetings might lead to more ACD. According to proponents of ACD, the regular board meetings provide members a platform to voice their thoughts and ideas on the matter. Corporate corruption scandals are a serious problem in the modern business environment, and the regularity of board meetings might provide a structured forum for members to address these issues. In this way, businesses could ensure that their corporate reports had sufficient and accurate information on anti-corruption efforts. One possible outcome is that ACD procedures are affected by the board meeting.

The results of this study provide some potential recommendations for further investigation. The first thing to note is that a potential future ACD study may use additional sources of data in order to evaluate disclosure practices rather than relying solely on the sustainability report. Currently, the majority of Indonesian companies lack a sustainability report. When the year 2018 arrived, the public was only able to access the sustainability reports of 72 distinct companies. Therefore, rather than merely observing the application of ACD in the sustainability report, it is possible to make use of additional sources of data for ACD research. These sources of data include press releases, interim reports, bulletins, online reporting, and stock market announcements. The strength and comprehensiveness of the results may be improved by increasing the number of sources from which the data are collected.

Secondly, it is possible that future ACD studies may include a larger number of publicly listed companies in Indonesia. This will ensure that the companies have at least thirty percent of their directors who are independent. Increasing the number of publicly listed companies in the sample allows for the implications of the research to be refined and improved due to the more diverse nature of the sample. For this reason, the results may provide a better justification for the variations in any occurrences that were explored in the research.

Thirdly, it is recommended that future research utilizing board size as the independent variable conduct further investigations to determine whether the categorization of the board might be justified as being of a large or small size. In light of the fact that there is no consensus on the precise number for size, it is essential that this figure be recognized as the standard.

Last but not least, there is a need for future research to include specific criteria in the process of selecting data sources for women who serve on boards. Given that women on boards are still a relatively recent phenomenon, it is essential to differentiate between companies that have women on boards and those that do not. This differentiation could provide a comprehensive picture of how board gender affects ACD. In particular, regarding the Indonesian context, research on board gender is still in its early and preliminary phases.

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Appendix

Anti-Corruption Disclosure Index

Item	**Accounting for combating bribery**
1.	The company prohibits all forms of bribery whether they take place directly or through third parties.
2.	The company prohibits its employees from soliciting, arranging or accepting bribes intended for the employee's benefit or that of the employee's family, friends associates or acquaintances.
3.	The company, its employees or agents make clear commitments that they do not have direct or indirect contributions to political parties, organizations or individuals engaged in politics, as a way of obtaining advantages in business transactions.
4.	The company discloses all its political contributions.
5.	The company ensures that charitable contribution and sponsorship are not used as a subterfuge for bribery.
6.	The company publicly discloses all its charitable contribution and sponsorship.
7.	The company does not make facilitation payments and takes the initiative to identify and eliminate them.
8.	The company prohibits the offer or receipt of gifts, hospitality or expenses whenever they could affect or be perceived to affect the outcome of business transactions and are not reasonable and bona fide.
9.	The company establishes and maintains an effective system of internal control to counter bribery, comprising financial and organizational checks and balances over the enterprise's accounting and record keeping practices and other business processes related to the program.
10.	The company subjects the internal control system, particularly accounting and record keeping practices, to regular review and audit to provide assurance of their design, implementation and effectiveness.
11.	The company discloses the number of violations.
12.	The company reports the number of dismissals of employees.
Item	Board and Senior Management responsibilities
1.	The board of directors or equivalent body should commit to an anti-corruption policy and program based on business principles and provide leadership, resources and active support for the management's implementations of the program.
2.	The company makes compliance with the program mandatory for directors and applies appropriate sanctions for violations of its program.
3.	The company establishes feedback mechanisms and other internal processes supporting the continuous improvement of the program.
4.	Senior management of the company monitors the program and periodically reviews the program's sustainability, adequacy and effectiveness, implementing improvements as appropriate.
5.	Senior management should periodically report the results of the program review to the audit committee, board or equivalent body.
6.	Management offers dialogue with NGOs and the public to promote its awareness of and cooperation in the fight against bribery and extortion.
7.	The audit committee, the board and an equivalent body should make an independent assessment of the adequacy of the program and disclose its findings in the enterprise's sustainability report to shareholders.
Item	Building human resources for combating bribery
1.	Human resources practices including recruitment, promotion, training, performance evaluation, remuneration and recognition should reflect the companies' commitment to the program.
2.	The human resources policies and practices relevant to the program are developed and undertaken in consultation with employees, trade unions or others representative bodies as appropriate.
3.	The company makes it clear that no employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes, even if such refusal may result in the enterprise losing the business.
4.	The company reports the percentages of employees trained in the anti-corruption policies and procedures.
Item	Accountable business relationships
1.	The company monitors the programs and performances of joint ventures and consortia. If policies and practices are inconsistent with its own program, the enterprises should take appropriate action. This can include requiring corrections of deficiencies in the implementation of the program, the application of sanctions, or the termination of its participation in the joint venture or consortium.
2.	Where the company is unable to ensure that a joint venture or consortium has a program consistent with its own, it should have a plan to terminate the arrangement if bribery occurs or is reasonably thought to have occurred.
3.	The company ensures that the remuneration of agents is appropriate and for legitimate services only. Where relevant, a list of agents employed in connection with transactions with public bodies and state-owned enterprises should be kept and made available to competent authorities.
4.	The company contractually requires its agents and other intermediaries to keep proper books and records available for inspections by the enterprise, auditors or investigating authorities.
5.	The company monitors the conduct of its agents and other intermediaries and should have a right of termination in the event that they bribe or act inconsistent with the enterprise's program.
6.	The company conducts its procurement practices in a fair and transparent manner.

Item	**Accounting for combating bribery**
7.	The company makes known its anti-corruption policies to contractors and suppliers.
8.	The company monitors significant contractors and suppliers as part of its regular review of relationship with them and has a right to terminate in the event that they pay bribes or act inconsistent with the enterprise's program.
9.	The company reports the number of contracts terminated.
Item	External verification and assurance
1.	The board or equivalent body should consider whether to commission external verification or assurance of anti-corruption policies and systems to provide enhanced internal and external assurance of the program's effectiveness.
2.	Where such external verification or assurance is conducted, the board or equivalent body should consider publicly disclosing that an external review has taken place, along with the related verification or assurance opinion.
3.	Assurance statements explicitly cover program reporting.
Item	Codes of Conduct
1.	Establishment of Codes of Conduct relates to corruption practice.
2.	The Codes of Conduct is effectively communicated to the members of the organization.
3.	The establishment of a monitoring mechanism on the implementation of the Codes of Conduct
Item	Whistle-blowing
1.	Existence of a whistle-blowing policy
2.	Implementation of whistle-blowing practice

Source: Joseph et al. (2016)