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# The Relationship of Compensation for Board of Directors and Board of Commissioners with Corporate Social Irresponsibility

Marlin Pernila Susilawati<sup>1</sup>

Iman Harymawan<sup>2</sup>

<sup>1,2</sup> *Accounting Department, Faculty of Economics and Business, Universitas Airlangga, Indonesia*

*email: harymawan.iman@feb.unair.ac.id*

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**Abstract:** This study aimed at determining and analyzing the effect of compensation for board of directors and board of commissioners on corporate social irresponsibility. This study used 353 observations of 76 companies listed in the Indonesia Stock Exchange and the Global Reporting Initiative's database of 2014-2018 and employed the ordinary least square regression analysis method. This study found that board compensation had positive and significant effect on corporate social irresponsibility. This study indicated that the higher the board compensation, the more the company tended to carry out corporate social irresponsibility due to lack of oversight in board decision-making or poor corporate governance practice and the boards' desire to have them prospered regardless of the stakeholders. This study implied that company managers and stakeholders should determine the amount of board compensation.

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## INTRODUCTION

Compensation is one method a company takes to motivate its board of directors and board of commissioners. The term "board(s)" throughout this research means both board of directors and board of commissioners in any companies since Indonesia follows the dual board (two-tier) system of corporate governance. Giving compensation to the boards requires company's better attention. The compensation must have a strong, correct and fair basis (Wijaya & Andreani, 2015). The compensation is given to the boards to motivate them to improve their performance in the company. To gain high profit, compensation for the board must also be increased (Bussin & Ncube, 2017). According to Lee (2015), each company gives relatively extensive salary range, that the rate of compensation given to them varies by performance, intending to accommodate the capable boards' flexibility. When Corporate Social Responsibility (CSR) is increasing, this may indirectly increase board compensation in a company. The company appreciates the

boards' performance in order to improve corporate performance by giving some reward in the form of higher compensation (Harymawan et al., 2020).

In Indonesia, corporate social responsibility catches public attention, driving the government to arrange regulation on company's obligation to perform their social responsibility. CSR is stated in Law Number 40 Year 2007 concerning Limited Liability Company (PT) governing company's obligation to perform CSR and Law No. 25 Year 2007 concerning Capital Investment. Basically, companies in Indonesia perform Corporate Social Responsibility to fulfill their contractual obligation, in this case complying with regulations designated by both central and local governments. Walker et al. (2018) explain that conventional policy suggests companies to appreciate their boards to perform CSR that may improve corporate performance. Companies that do not perform their social and environmental responsibility obligation are subject to sanction in accordance with legislation.

The concept of Corporate Social Responsibility is a form of corporate social responsibility to the environment; thus, all companies are required to perform their social responsibilities for their stakeholders (Walker et al., 2018). On one hand, company's commitment to higher ethics standard can be associated positively with openness of information, thus, companies that perform socially irresponsible activities are expected to have lower level of transparency (Lee et al., 2018). In the last decade, there were many cases in Indonesia that many companies violated the code of business conduct by polluting the environment, harming surrounding community (Permana & Rahardja, 2012), such as the Lapindo mud case and environmental contamination by PT Freeport Indonesia. The cases prove that the companies only care about corporate profit, disregarding the environment where they operate (Gregory et al., 2014; Lee et al., 2018).

Violation in CSR is also called corporate social irresponsibility (CSI). Companies have been longed criticized for their socially irresponsible acts, such as environmental degradation, violation of human rights, unfair treatment of employees and supplier, corruption, fraud and many other activities (Gregory et al., 2018; Nardella et al., 2020). A range of socially irresponsible acts which increase external cost and/or promote distribution conflict are deemed as CSI, which is the negative partner of corporate social responsibility (CSR) (Lee et al., 2018). One of the causes of CSI is board's inappropriate decision making because the compensation given by the company is inappropriate (Artiaco, 2011; Blanes et al., 2019). According to Jain and Zaman (2020), a big compensation is part of the management's effort to make the management not doing self-interested acts. When the compensation given to the boards is sufficient, they will make effort to perform corporate social responsibility, reducing CSI (Walker et al., 2018). On the other hand, the company may be involved in environmentally irresponsible activities. Chiu and Sharfman (2016) explain that CSI reflects board of directors' failure in satisfying shareholders' interest, through an effective CSR strategy. Board of directors must be sensitive to the stakeholders' interest in decision making. Lee et al. (2018) explain that there is a need for a quality, competent and strong board expectedly capable of making the company perform better. Besides, company is also expected to perform CSR activities to maintain and consider environmental condition by not destroying the nature (Chiu & Sharfman, 2016). According to the shareholder theory, a company must be motivated to be legitimized by investing in socially responsible activities for the entire stakeholders. From previous researches, such as one by conducted by Ratri et al. (2021) on the relationship of business, meeting, and tenure of CEO with CSR, Saphira et al. (2014) on the relationship of board compensation with corporate social responsibility (CSR), Chiu and Sharfman (2016) on CSI capable of improving CEO regeneration, Walker et al. (2018) on the relationship of CSR and CSI with corporate performance in two types of capitalist system: coordinated market economy (CMEs) and liberal market economy (LME), Jain and Zaman (2020) on the influence of the structure of board level on CSI, and Nardella et al. (2020) on the relationship of CSI with corporate reputation, there was no research that directly studied the influence of compensation for board of directors and board of commissioners on corporate social irresponsibility, more specifically in Indonesia. Therefore, this research would test the influence of compensation for board of directors and board of commissioners on corporate social irresponsibility. This research took all companies registered in the Indonesia Stock Exchange (BEI) and the Global Reporting Initiative's (GRI) database for the period 2014-2018 as samples. This research has implication for managers and stakeholders as something to consider in determining board compensation.

## LITERATURE REVIEW AND HYPOTHESES

### Agency Theory

The agency theory is about the relationship between two parties, namely principal and agent (Jensen & Meckling, 1976). Management as the one to manage the company has more information of the company, know better of corporate internal information, and is aware of company's future plan more than the owner, thus manager is required to inform or give signal of corporate condition to owner (Zoghlami, 2021). However, the information delivered is sometimes not in line with company's real condition. This is related to the compensation received by manager. Manager considers that the compensation given by the company is incomparable to the capability owned (Al-Shaer & Zaman, 2017). Since it is driven by the management's interest, the management may not attempt to achieve the target desired by the stakeholders or what is possible for company's best interest, as proven with their involvement in CSI.

In this research, board compensation is very important to reduce potential conflict of interest between the executive and shareholders, since the compensation is used as an instrument to align the interest of shareholders and executive. Aslam et al. (2019) document that the level of board compensation that is based on corporate performance supports the agency theory. A board will do something good pursuant to their capability when the compensation given corresponds to what they do (Osei & Lutta, 2016). CSI shows basic behavior in which wrong corporate behaviors are generally deemed as generator of individual factors (company), instead of results from context (economic system) (Walker et al., 2018). The board must be sensitive to shareholders' interest in decision making. When more boards are responsible to set appropriate strategy, it will produce a decision beneficial to the company (Chiu & Sharfman, 2016). One of the causes that the board does not perform corporate social responsibility is the board's negligence in performance of supervision of and bad governance practice (Jain & Zaman, 2020).

### Stakeholder Theory

The stakeholder theory states that company is not an entity that only operates for its own interest, but should give its stakeholders benefits. This way, the existence of a company is greatly influenced by stakeholders' support. A company that is deemed socially irresponsible is likely to lose its reputation, which may harm its long-term competitive advantage (Chiu & Sharfman, 2016) and is likely to survive shorter. From instrumental perspective, company has strong incentive to correct its previous strategic mistake (or ignorance) related to CSI. This is because top management team member, especially chief executive or board, is responsible for the best interest of not only the shareholders but also of company's other stakeholders. Callan and Thomas (2011) explain that one of the causes the board does not perform corporate social responsibility is related to corporate size. Number of board members is often statistically more important than their performance in determining the amount of compensation.

### Hypothesis Development

Board compensation plays a very important role in reducing potential misuse of corporate social responsibility, since compensation is used as an instrument to align board's interest. A board will do good things according to their capability when the compensation given corresponds to what they do (Osei & Lutta, 2016). Callan and Thomas (2011) find that CSR is one of the determinants of board payment, showing that payment for performance insufficiently explains compensation, but this research also does not find any significant, direct influence of board compensation on financial performance. On the contrary, however, when the compensation given to directors is low, it is likely that the company does not perform CSR, which means that the company overlooks good things and does corporate social irresponsibility (CSI). Further, various researches, both in developed and developing countries, find that CEO compensation can improve corporate performance (Aggarwal & Ghosh, 2015; Harymawan et al., 2020; Zoghlami, 2021). Good compensation for board of directors will bring positive impact on the company (Tarkovska, 2017). Velte (2020) finds that board incentive positively contributes to CSR. However, when the compensation given by company does not correspond to the board of directors' contribution to the company, they tend to non-maximally perform their duties and responsibilities to the company (Al-Shaer & Zaman, 2017). Saphira

et al. (2014) also tests the relationship between board compensation and corporate social responsibility (CSR). The results show negative relationship between total compensation and corporate social responsibility.

Corporate social irresponsibility shows basic behaviors, in which wrong corporate behaviors are deemed to produce (corporate) individual factors, instead of the result from the context (economic system) (Walker et al., 2018). One of the causes that the board does not perform corporate social responsibility is the board's negligence in performance of supervision and bad governance practice (Jain & Zaman, 2020). Board's greed and lack of conscience also contribute to CSI (Atay & Terpstra-Tong, 2020). The other reason board of directors and board of commissioners do not perform corporate social responsibility is related to corporate size as the determinant of board compensation (Callan & Thomas, 2011). This is proven by Zhong et al. (2020), that personal incentive can form CSI decision. Based on the explanation above, we can formulate the following hypotheses:

H<sub>1</sub>: Compensation for board of directors influences corporate social irresponsibility.

H<sub>2</sub>: Compensation for board of commissioners influences corporate social irresponsibility.

## METHODS

This research used quantitative approach. Anshori & Iswati (2009) state that quantitative research is structured research that quantifies data to be generalized. This research started with an explanation of samples and source of data, definition of variable measurement, and analysis technique.

### Sample and Source of Data

The research's initial sample consisted of all companies registered in the Indonesia Stock Exchange (BEI) and Global Reporting Initiative's (GRI) database in 2014-2018. The research data were obtained from company's financial statements, GRI database, and ORBIS database. The research's initial samples were 3,045 observations. The research later applied the sample selection criteria as follows. First, excluding companies that were not registered in GRI database of 2,660 observations. Second, excluding companies with incomplete data for all variables in the research of 32 observations. After applying the sample selection criteria above, 353 observations were taken as the research's main samples.

### Definition of Variable Measurement

The research's dependent variable was Corporate Social Irresponsibility (CSI). Corporate social irresponsibility was measured by reducing one with CSR disclosure index score based on GRI index (Walker et al., 2018). The research's independent variable was board compensation (COMP) as measured using director compensation (COMP\_DIR), commissioner compensation (COMP\_COM), and total compensation for directors and commissioners (COMP\_ALL) (Al-Shaer & Zaman, 2017). Referring to previous researches (Habiba & Mahbub, 2019; Jain & Zaman, 2020; Lee et al., 2018), there were control variables used in this research, such as return on assets (ROA) measured by dividing net profit after tax with total asset. Corporate size (SIZE) was measured with natural logarithm from total asset. Total leverage (LEV) was measured by dividing total debt with total asset. Corporate loss (LOSS) was measured using dummy variable, in which it was 1 if net income of previous year was negative and 0 if net income of previous year was positive. See table A.1 for summary of definition of variable measurement.

### Analysis Technique

This research was tested using ordinary least square (OLS) regression. This research also used year fixed effect, industry fixed effect, and GRI type fixed effect to mitigate bias from difference in year, industry, and various standards of GRI used (Haryawan et al., 2021).

$$CSI_{i,t} = \beta_0 + \beta_1 COMP\_DIR_{i,t} + \beta_2 COMP\_COM_{i,t} + \beta_3 COMP\_ALL_{i,t} + \beta_4 ROA_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 LEV_{i,t} + \beta_7 LOSS_{i,t} + \beta_8 INDUSTRY_{i,t} + \beta_9 YEAR_{i,t} + \beta_{10} GRITYPE_{i,t} + \varepsilon \quad (1)$$

**Table A1. Definition of Variable Measurement**

Variable	Proxy	Source
<b>Dependent:</b>		
Corporate Social Irresponsibility (CSI)	CSI = (1 – CSRD) (Walker et al., 2018)	SR/AR
<b>Independent:</b>		
Compensation (COMP)	COMP_DIR= Total director compensation/total asset COMP_COM= Total commissioner compensation/total asset COMP_ALL= Total compensation for directors & commissioners/total asset (Al-Shaer & Zaman, 2017)	AR
<b>Control:</b>		
ROA	Net profit after tax/total asset (Lee et al., 2018)	ORBIS
SIZE	Ln (total asset) (Habiba & Mahbub, 2019)	ORBIS
LEV	Total leverage/total asset (Habiba & Mahbub, 2019)	ORBIS
LOSS	Dummy variable, where 1 if net income t-1, and 0 if net income t+1 (Jain & Zaman, 2020)	ORBIS

## RESULTS AND DISCUSSION

Table 1 presents the distribution of research samples. The samples used in this research were 353 observations consisting of 72 companies in 2014, 72 companies in 2015, 71 companies in 2016, 74 companies in 2017, and 64 companies in 2018.

**Table 1. Sample Distribution by Observation Industry**

SIC		Year					Total
		2014	2015	2016	2017	2018	
0	Agriculture, fishery, and Forestry	4	5	5	5	5	24
1	Mining	15	16	16	16	14	77
2	Construction Industry	10	9	10	11	10	50
3	Manufacture	8	7	7	7	5	34
4	Transportation, communication, and utilities	9	9	9	9	9	45
5	Wholesale and Retail Business	3	3	3	3	3	15
6	Finance, Insurance, and real estate	21	21	19	21	18	100
7	Service industry	2	2	2	2	0	8
<b>Total</b>		72	72	71	74	64	353

Table 2 shows the descriptive statistic results. CSI was measured using CSRD. CSI had average score of 0.653. COMP\_DIR used director compensation as measured using total director compensation divided with total asset. COMP\_DIR has average score of 0.277. COMP\_COM is commissioner compensation measured using total commissioner compensation divided with total asset. COMP\_COM has average score of 0.091, while COMP\_ALL is compensation for board of directors and compensation for board of commissioners measured using total compensation for board of directors plus total compensation for board of commissioners divided with total asset. COMP\_ALL has average score of 0.309.

Table 3 shows the results of Pearson correlation test. The relationship between compensation for board of directors (COMP\_DIR) and is positive and significant with significance level 5% in corporate social irresponsibility (CSI). This result shows that higher amount of director compensation causes an increase in corporate social irresponsibility.

**Table 2. Descriptive Statistics**

	N	Mean	Median	Minimum	Maximum
CSI	353	0.653	0.673	0.200	0.907
COMP_DIR	235	0.277	0.009	0.001	5.715
COMP_COM	235	0.091	0.003	0.000	2.713
COMP_ALL	353	0.309	0.016	0.001	7.048
ROA	353	3.862	2.750	-24.450	41.500
SIZE	353	30.863	30.854	26.292	34.539
LEV	353	1.945	1.608	0.572	6.915
LOSS	353	0.159	0.000	0.000	1.000

The relationship, between COMP\_COM and CSI, is positive and significant with significance level 1%. This proves that the higher the commissioner compensation, the corporate social irresponsibility of a company is also high. Further, COMP\_ALL and CSI have positive, significant relationship with significance level 1%, proving that high total compensation for directors and commissioners may increase corporate social irresponsibility.

**Table 3. Pearson Correlation Test**

	CSI	COM_DIR	COM_COM	COM_ALL	ROA	SIZE	LEV	LOSS
CSI	1.000							
COM_DIR	0.159** (0.015)	1.000						
COM_COM	0.180*** (0.006)	0.843*** (0.000)	1.000					
COM_ALL	0.141*** (0.008)	0.982*** (0.000)	0.915*** (0.000)	1.000				
ROA	-0.099* (0.063)	-0.086 (0.190)	-0.059 (0.370)	-0.098* (0.066)	1.000			
SIZE	-0.151*** (0.004)	-0.218*** (0.001)	-0.199*** (0.002)	-0.188*** (0.000)	-0.073 (0.171)	1.000		
LEV	-0.052 (0.328)	0.167** (0.010)	0.159** (0.014)	0.152*** (0.004)	0.252*** (0.000)	-0.12*** (0.000)	1.000	
LOSS	0.078 (0.141)	0.102 (0.117)	0.036 (0.584)	0.104** (0.050)	-0.391*** (0.000)	-0.165*** (0.002)	-0.055 (0.301)	1.000

This research used ordinary least square (OLS) model by controlling year fixed effect, industry fixed effect, and GRI type fixed effect to test the relationship of compensation for board of directors (COMP\_DIR), compensation for board of commissioners (COMP\_COM), total compensation for board of directors and board of commissioners (COMP\_ALL) with corporate social irresponsibility (CSI). Table 4 presents the regression result for equation (1). In general, the regression result shows that director compensation (COMP\_DIR), commissioner compensation (COMP\_COM) and total compensation for directors and commissioners (COMP\_ALL) positively, significantly influences corporate social irresponsibility (CSI). This result is in line with the research hypothesis that board compensation positively influences corporate social irresponsibility. Further, the r<sup>2</sup> value of the model shows that the regression model is capable of explaining the relationship between independent and dependent variables ranging from 14.1% to 20.8%. Therefore, 79.2% to 85.9% is explained by other variables than those in this research.

The research's main test results are in line with [Bussin and Ncube \(2017\)](#) that one of the causes that the board does not perform corporate social responsibility is because corporate size is the main determinant of board salary payment. The bigger the corporate size, the higher the board's salary payment. Thus, the amount of board compensation is not determined based on management performance. Thus, the extent of compensation that is not based on performance can be incentive for the board to do irresponsibility ([Jain & Zaman, 2019](#)). In other words, board that is paid with high compensation tends to do CSI, because of lack of supervision in decision making over the board or bad corporate governance practice. Besides, this is also caused by the board's personal interest in prospering while disregarding corporate interest ([Lee, 2014](#)).

Board's greed and lack of conscience contributes to CSI (Atay & Terpstra-Tong, 2020).

Therefore, this research confirms the research result in Table 4. This result is in line with the research conducted by Lee (2015) that requires that the level of compensation given to the board varies by performance, intending to accommodate capable board's flexibility. Company appreciates its boards' performance in order to improve corporate performance by giving reward in the form of higher compensation (Harymawan et al., 2020). With difference in interest, however, board tends to desire to prosper while disregarding corporate interest, thus the company tends to do corporate social irresponsibility. The other reason of CSI is lack of supervision in board's decision making and bad corporate governance practice (Osei & Lutta, 2016), while supervisory function is the main duty of board of commissioners.

**Table 4. OLS Result: Board Compensation and Corporate Social Irresponsibility**

	(1) CSI	(2) CSI	(3) CSI	(4) CSI
<i>COM_DIR</i>	0.016*** (2.65)			0.042* (1.67)
<i>COM_COM</i>		0.044*** (3.71)		0.069* (1.67)
<i>COM_ALL</i>			0.010** (2.43)	-0.037 (-1.32)
<i>ROA</i>	-0.002** (-2.14)	-0.002** (-2.03)	-0.002*** (-3.02)	-0.002** (-2.07)
<i>SIZE</i>	-0.020*** (-4.02)	-0.021*** (-4.15)	-0.012** (-2.36)	-0.020*** (-3.90)
<i>LEV</i>	-0.014 (-1.59)	-0.015* (-1.68)	-0.004 (-0.70)	-0.015* (-1.69)
<i>LOSS</i>	-0.005 (-0.25)	-0.003 (-0.13)	0.005 (0.24)	-0.003 (-0.12)
<i>CONSTANT</i>	1.273*** (7.85)	1.286*** (8.01)	0.945*** (6.00)	1.259*** (7.65)
<i>FE Year</i>	Yes	Yes	Yes	Yes
<i>FE Industry</i>	Yes	Yes	Yes	Yes
<i>FE GRI Type</i>	Yes	Yes	Yes	Yes
<i>r<sup>2</sup></i>	0.205	0.206	0.141	0.208
<i>N</i>	235	235	235	235

*t* statistics in parentheses, \* $p < 0.1$  \*\* $p < 0.05$  \*\*\* $p < 0.01$

To observe further the influence of board compensation on corporate social irresponsibility, additional test was conducted in this research by repeating OLS regression by dividing research samples by type of GRI index used, covering GRI Standard and GRI G4 indexes.

Table 5 shows the results of ordinary least square (OLS) regression that tested the relationship between board compensation and corporate social irresponsibility based on GRI Standard index. As indicated in the first column of Table 5, the coefficient value of COMP\_COM variable is 0.048 with t-value 4.20 and significance level 1%. This shows that each one-point increment of COMP\_COM will increase CSI for 0.048. This shows that commissioner compensation (COMP\_COM) positively, significantly influences corporate social irresponsibility (CSI) for research with samples that use GRI Standard index.

Table 6 shows the result of ordinary least square (OLS) regression that tested the relationship between board compensation and corporate social irresponsibility by GRI G4 index. As indicated in the first column, the coefficient value of COMP\_DIR variable is 0.017 with t-value 2.42 and significance level 5%. Further, as indicated in the second column, the coefficient value of COMP\_COM variable is 0.043 with t-value 2.60 and significance level 5%. As indicated in the third column, COMP\_ALL variable has coefficient value of 0.009 with t-value 1.70 and significance level 10%. In general, the regression results show that director compensation (COMP\_DIR) and commissioner compensation (COMP\_COM) positively, significantly influences corporate social irresponsibility (CSI).

**Table 5. OLS Result: Board Compensation and Corporate Social Irresponsibility (GRI Standard)**

	(1)	(2)	(3)	(4)
	CSI	CSI	CSI	CSI
COM_DIR	0.011 (0.92)			0.490 (0.67)
COM_COM		0.048*** (4.20)		0.616 (0.76)
COM_ALL			0.008 (1.10)	-0.505 (-0.68)
ROA	-0.001 (-0.88)	-0.001 (-0.64)	-0.002 (-1.22)	-0.001 (-0.60)
SIZE	0.009 (1.03)	0.009 (0.99)	0.007 (1.07)	0.009 (0.96)
LEV	-0.002 (-0.20)	-0.003 (-0.29)	0.004 (0.81)	-0.003 (-0.26)
LOSS	-0.030 (-0.93)	-0.028 (-0.85)	-0.040 (-1.38)	-0.029 (-0.85)
CONSTANT	0.340 (1.28)	0.361 (1.38)	0.370* (1.98)	0.317 (1.05)
FE Year	Yes	Yes	Yes	Yes
FE Industry	Yes	Yes	Yes	Yes
FE GRI Type	Yes	Yes	Yes	Yes
r2	0.091	0.115	0.097	0.121
N	72	72	97	72

t statistics in parentheses, \*  $p < 0.1$  \*\*  $p < 0.05$  \*\*\*  $p < 0.01$

The regression result also confirms the result in Table 4 that the higher the board compensation, the company tends to do corporate social irresponsibility. The other thing causing CSI is lack of supervision in the board's decision making or bad corporate governance practice (Osei & Lutta, 2016), while supervisory function is the main duty of board of commissioners. In line with Moon and Kotchen (2012), board is one of the most important organs affecting decision making. Big compensation makes the board cheat through act which may harm the company for personal interest, disregarding corporate interest. The board fails its main duty in ensuring that the company can achieve corporate financial and social sustainability.

**Table 6. OLS Result: Board Compensation and Corporate Social Irresponsibility (GRI G4)**

	(1)	(2)	(3)	(4)
	CSI	CSI	CSI	CSI
COM_DIR	0.017** (2.42)			0.032 (1.32)
COM_COM		0.043** (2.60)		0.038 (0.84)
COM_ALL			0.009* (1.70)	-0.022 (-0.75)
ROA	-0.002 (-1.24)	-0.002 (-1.28)	-0.003*** (-2.98)	-0.002 (-1.26)
SIZE	-0.036*** (-6.02)	-0.037*** (-6.10)	-0.020*** (-3.07)	-0.036*** (-5.81)
LEV	-0.023 (-1.59)	-0.023 (-1.59)	-0.007 (-0.84)	-0.024 (-1.60)
LOSS	-0.001 (-0.05)	0.002 (0.05)	0.016 (0.64)	0.000 (0.01)

_cons	1.782*** (9.07)	1.793*** (9.13)	1.203*** (5.82)	1.768*** (8.75)
FE Year	Yes	Yes	Yes	Yes
FE Industry	Yes	Yes	Yes	Yes
FE GRI Type	Yes	Yes	Yes	Yes
r2	0.327	0.325	0.186	0.328
N	163	163	256	163

t statistics in parentheses, \* $p < 0.1$  \*\* $p < 0.05$  \*\*\* $p < 0.01$

## CONCLUSION

This research analyzed the influence of compensation for board of directors and board of commissioners on corporate social irresponsibility in all companies registered in the Indonesia Stock Exchange and Global Reporting Initiative database in the period 2014 – 2018. The research results show that board compensation positively, significantly influences corporate social irresponsibility. This means that the higher the board compensation, the company tends to do corporate social irresponsibility. The reason is lack of supervision over board's decision making or bad corporate governance practice. In addition, this is also caused by board's personal interest in prospering while disregarding corporate interest.

This research is limited in some aspects, that the research was carried out limited only to the companies registered in GRI database and listed in BEI. Therefore, further research can develop this research using wider population and samples in support of the results of this research, including covering all companies listed in BEI and adding longer range of years of observation. In addition, further research can add control variable, such as satisfaction, motivation, corporate governance, corporate performance, behavior, CEO regeneration, and will to work, which may influence corporate social irresponsibility. This research has implications for corporate management and shareholders to take into consideration in determining board compensation.

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