

Anti-Bribery Declaration (Study on Indonesian Construction Companies)

Elika Regni Utami¹, Paulus Theodorus Basuki Hadiprajitno²

^{1,2}Faculty of Economics and Business, Universitas Diponegoro

¹utamielika@gmail.com ²basuki@live.undip.ac.id

*Corresponding Author

Submitted: June 21, 2024

Accepted: July 5, 2024

Published: January 1, 2025

ABSTRACT

The objective of this study is to determine the influence of the board of directors on anti-bribery declaration as indicated by an active ISO 37001 certificate. Characteristics of the board of directors include size, activities, gender diversity and expertise. This study was conducted on construction sector companies because the government requires construction companies to have this certificate. The study population includes 22 construction sector companies listed on the Indonesia Stock Exchange. The sample selection used in this quantitative research was purposive sampling and the results of this selection obtained 17 companies that consecutively disclosed annual reports from 2020 to 2023. The analysis techniques used logistic regression analysis. The results of this study analysis are company's anti-bribery declaration can be increased by the number of board directors in the company and the representation of different genders on the board of directors. The directors' activities, shown by the number of meetings in a year, have a negative influence on anti-bribery declaration. The directors' expertise in the field of accounting or finance inadequate influence on anti-bribery declaration.

Keywords: Anti-Bribery, Board of Directors, ISO 37001:2016

INTRODUCTION

The policy of providing public infrastructure implements the state's responsibility to provide adequate public services as mandated by the 1945 Constitution of the Republic of Indonesia (Novita et al., 2022). Adequate public services result from providing of infrastructure. Social sustainability can be achieved through the equitable development of infrastructure that improves the quality of life (Grum and Grum, 2020). Government can provide infrastructure through the agreement between government and business entities, it's name Government Cooperation with Business Entities.

The basis regulation the agreement is Presidential Regulation Number 38 of 2015. The acceleration of infrastructure development in Indonesia involves the participation of many company in the construction sector (Salim, 2018). High budget allocation and lack of monitoring of budget implementation create opportunities for corruption (Arawazqee and Tsatkhanova, 2021). Indonesian government has made the tender process online but has not been able to minimize the occurrence of corruption.

Corruption occurs from the preparation, budgeting and budget implementation stages (Nicola, 2023). At the budget preparation stage, there is an agreement regarding the amount of the commitment fee if the prospective vendor wins the project tender. At the budgeting stage, certain projects are deliberately designed for companies that have special agreements with unscrupulous government officials, so companies can open up greater opportunities to win tenders. At the budget implementation stage, the tender winner is selected from participants who already have a special agreement with unscrupulous government officials. In comparison 2019, Indonesia's Corruption Perception Index score continues to decline. Indonesia is ranked 115th out of 180 countries in 2023 (Transparency International, 2023).



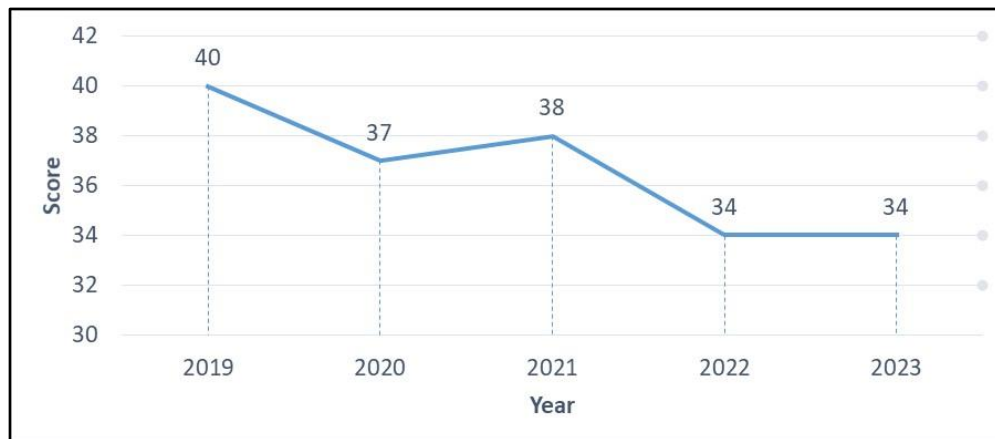


Figure 1. Corruption Perception Index - Indonesia

Source: Transparency International

The type of corruption that often occurs in Indonesia is bribery. From 2004 to 2023, Indonesia's Corruption Eradication Commission handled 989 cases of bribery ([Komisi Pemberantasan Korupsi, 2023](#)). Many factors that cause companies to commit bribery. ([Owusu et al., 2019](#)) explain there are five factors, namely psychosocial, organizational, regulatory, project, and statutory. The concept of psychosocial pertains to how social factors like relationships and psychological characteristics interact and impact the environment, workplace, or the execution of work.

PT Nindya Karya was involved in a corruption case of the Sabang Free Port and Free Trade. Unscrupulous government officials were also involved because they received fee from PT Nindya Karya and development project vendor without an open auction. PT. Adhi Karya and PT. Wijaya Karya was involved in the bribery case for the Hambalang development project. The Audit Board of the Republic of Indonesia showed total state losses reached IDR 706 billion obtained from the results of investigative audits from 2012 to 2013. All of these bribery cases involved directors of the company dan unscrupulous government officials. The board of directors is a very important part of how a company is run and is key to the company's success. When a company shares important information about how it prevents bribery, it shows that the board of directors is committed to making a business environment where bribery is not allowed.

The conditions in the industrial and working environment are negative, leading to fierce competition in the tendering process. Bribery by companies can lead to securing additional projects when companies are confronted with strict regulations. Companies understand that bribery has an impact on the company's performance and reputation. ([Williams et al., 2016](#)) show bribery is able to maximize company performance. Companies get increased average annual sales growth and higher annual productivity growth rates than companies do not bribery.

Meanwhile ([Chen, 2024](#)) show that the level of bribery has a negative impact on the performance of the company. In comparison to high bribery regimes, the extent of bribery's detrimental impact on company performance is greater in low bribery regimes. In the low-bribery regime, the time spent with the regulations enhances company performance. Management perform significantly better if they devote more time to complying with regulations above a certain threshold. Companies bribe in business to succeed in deals, because it's a common practice, and to maintain a mutually beneficial relationship ([Salama, 2023](#)).

The ISO 37001 standard helps organizations prevent bribery by using a systematic approach ([Jagodzińska et al., 2021](#)). ISO 37001 is a set of rules to help companies make sure they are following the law and not giving or receiving bribes ([Susmayanti and Zain, 2021](#)). It's the international standard helps stakeholders feel safe because it has clear decision-making steps. Protections are in place to prevent bribery from happening without people knowing and to stop the harmful effects that come from it.

Anti-bribery system can be used by itself or combined with other systems already in place in the organization. Indonesia Presidential Instruction No. 10 of 2016 was defined concerning the Actions to Prevent and Eradicate Corruption in 2016 and 2017 (Inpres 10/2016) in which one of

the arrangement materials is to provide duty to the National Standardization Body (BSN) to carry out anti-corruption certification endeavors. BSN has included ISO 37001:2016 in the Indonesian National Standard (SNI) ISO 37001. ISO certification is mandatory for construction service companies. The legal basis is stated in the Circular Letter of the Minister of Public Works No. 21/SE/M/2021 and Regulation of the Minister of Public Works and Public Housing No. 8 of 2022.

Agency theory suggests that disclosure can be a suitable solution to the problem of agency costs, The board of directors as one of the corporate governance mechanisms should monitor all decisions made by management. The board is very important in making decisions and policies for the company. They set the company's goals and make sure they are carried out. They also oversee the management of the business and report to shareholders. Most of the preliminary studies discusses the factors influence corporate disclosure, such as board size ([Mazumder, 2024](#)) ([Previtali and Cerchiello, 2023](#)) ([Gerged, 2020](#)), gender diversity ([Previtali and Cerchiello, 2023](#)) ([Jaggi et al, 2021](#)) ([Fahad and Rahman, 2020](#)), board meeting ([Khairredine, 2020](#)) ([Agyemang, 2020](#)) ([Yusoff, 2016](#)), and board expertise in the field of accounting or finance ([Naheed, 2021](#)) ([Masud, 2019](#)). On the other hand, ([Rouf and Hossan, 2021](#)) ([Mahmud et al., 2021](#)) showed board Characteristics have an insignificant relationship with corporate disclosure.

The topic of on anti-bribery declaration is rarely studied. Several previous studies have been conducted on anti-bribery disclosure studies. ([Makhdalena, 2021](#)) examined mining companies in Indonesia and the factors influencing them. ([Putri et al., 2022](#)) are designed to reduce the risk of bribery in Indonesian SOEs, especially in the Indonesian agricultural industry. ([Nobanee and Ellili, 2020](#)) investigated the impact of anti-bribery disclosure on banking performance in banks listed on the UAE financial market. According to that, this study aims to extend the literature with empirical evidence on the effectiveness of board characteristics on anti-bribery declaration. Agency theory lead to focus attention on board size, gender diversity, board activity, and board expertise. Based on this phenomenon and background, the purpose of this study is to analyses information on the declaration of anti-bribery activities in Indonesia construction sector and how the trends in 2020-2023. We decided to analysed Indonesian construction sector because the highest number of participation in acceleration of infrastructure development and some company involved in the bribery case.

The urgency and purpose of the study for the regulatory authorities is to improve the anti-bribery activities of the companies, to increase the trust and credibility of the company, and to reduce the risk of corruption that can harm company. In addition, establishing anti-bribery regulations allows companies to project an image of a transparent and professionally managed organization. The company conducts a more effective risk analysis, which can be used to find places in the company where threats can occur. Such a system gives employees a sense of security through well-defined and clear decision-making processes. A protection against mindless corruption and its consequences is built in. This study is also useful for scholars as literature or further research to develop and empirically demonstrate the benefits of social responsibility disclosure, especially anti-bribery.

LITERATURE REVIEW

Legitimacy Theory

Legitimacy theory that focuses on social acceptance and entrepreneurial awareness ([Previtali and Cerchiello, 2023](#)). Legitimacy is a condition or state that exists when an entity's value system establishes conformity with the value system of the broader society of the location in which the entity is located. Legitimacy theory takes a management perspective and supports the idea that disclosure is a management tool used to legitimize a company's actions, rather than a tool used to inform internal and external stakeholders of the company about its actual performance ([Faisal et al., 2022](#)).

Companies had to adopt strategies to disclosure. Corporate strategy is a compromise of moral legitimacy to maintain pragmatic legitimacy. Larger companies have to satisfy the needs of more stakeholders, which allows them to achieve a higher level of legitimacy. Disclosure of corporate anti-bribery measures is motivated by the desire to protect the interests of managers and shareholders ([Islam, 2022](#)). Anti-bribery declaration must be an important tool to eradicate bribery,

because it helps raise public awareness of the issue and gives credibility to the commitment to eliminating bribery.

Agency Theory

According to researchers who have applied agency theory, information disclosure is important to minimize agency costs and reduce the gap between the company's goals and the interests of stakeholders ([Previtali and Cerchiello, 2023](#)). The concept of agency theory may help shed light on the propensity of directors to disclose corporate information when regulations exist and when regulations do not exist ([Al-Dubai and Alotaibi, 2023](#)). This theory suggests that the board of directors should monitor all decisions made by management in order to minimize any conflicts arising from the separation of ownership.

Agents may benefit from bribes by receiving bonuses for increased sales or performance. In contrast, principals do not benefit as much from bribes, and if they want to increase a portfolio, they can simply buy stocks ([Teichmann, 2019](#)). It is essential that the board not only push management to do disclosure, but also ensures that high quality information is provided to reduce asymmetric information ([Vitolla, et al., 2020](#)). The different interests and expectations of both parties increase the likelihood of the risks of different attitudes. It is difficult to determine whether both parties are behaving appropriately in relation to the risk.

Board Size on Anti-Bribery Declaration

Consistent with the principles of agency theory, board size can contribute to management oversight, promote higher quality disclosure and thereby reduce agency costs ([Vitolla, et al., 2020](#)). In addition, larger companies have to meet more demands from stakeholders, which allows them to achieve a higher level of legitimacy ([Faisal et al., 2022](#)). It is easier for a larger board of directors to perform the supervisory function as this implies the presence of directors with diverse skills and experience. ([Previtali and Cerchiello, 2023](#)) suggested that a broader board of directors, including people with different experiences, is needed to ensure a larger number and higher level of skills, for both in terms of disclosure and compliance.

([Mazumder, 2024](#)) argued that a larger board of directors is a better monitoring and control mechanism. ([Gerged, 2020](#)) found a significant positive relationship between the number of board members and the extent disclosure in Amman-listed non-financial companies. In contrast, ([Ghazwani et al., 2023](#)) and ([Rouf and Hossan, 2020](#)) found insignificant relationship between board size and information disclosure. With multiple voices and perspectives, a broader council can provide a more effective check against possible bribery practices.

Board Gender Diversity on Anti-Bribery Declaration

According to agency theory, women on board show greater commitment, diligence and independence, which contribute to effective oversight and reduce agency conflict ([Mazumder, 2024](#)). Women on board help companies demonstrate empathy for stakeholders and be more sensitive to their requests and needs. Presence women on corporate boards is an important tool for companies to gain legitimacy among board members, stakeholders, and society. The management style of women leaders is open to ethical and social issues, which increases the concern for anti-corruption issues ([Previtali and Cerchiello, 2023](#)). This indicates that women directors have high ethical standards and play an important supervisory role, thereby improving the ethical behavior on business.

([Jaggi et al., 2021](#)) ([Khairiddine, 2020](#)) suggested that women managers prefer more comprehensive and transparent disclosures, especially for non-financial information. Women directors are oriented towards monitoring and tracking fraud. ([Ghazwani et al., 2023](#)) showed that the presence of women facilitates the identification of areas of potential concern or risk and challenges management assumptions. It promotes transparency and accountability in the disclosure of corporate information, increases investor confidence and increases the efficiency of capital markets. ([Issa, 2022](#)) showed that the presence of women directors on the board reduces the negative effect of participation on corporate disclosure disclosure. In contrast, some studies have showed that gender diversity does not affect corporate disclosure ([Rouf and Hossan, 2021](#))

(Mahmud et al., 2021).

Board Activity on Anti-Bribery Declaration

The effectiveness of the board supervision is also related to the number of annual meetings. From this perspective, in order for the board to effectively control the management work in terms of information disclosure, it is necessary to meet several times a year (Vitolla, et al., 2020). The data collection and dissemination process is often very long and complex, requiring regular monitoring by the board through several annual meetings. (Agyemang, 2020) argued that the more meetings the board of directors holds, the more transparent the disclosure of information.

(Khairiddine, 2020) argued that there is a positive association between the frequency of board meetings and the extent of disclosure. (Yusoff, 2016) confirmed that market information is closely linked to company's internal policies, so there needs to be more discussion among board members. Therefore, we hypothesize a positive relationship between the frequency of board meetings and voluntary ethics disclosure. Contrast, (Sekarlangit and Wardhani, 2021) (Ghazwani et al., 2023) (Fahad and Rahman, 2020) showed the board of directors only makes decisions, does not participate in practical implementation.

Board Expertise on Anti-Bribery Declaration

(Masud, 2019) found that having accounting experts involved the decision-making process improves information flow, helping internal and external communication reduce stakeholder pressure. In addition, professional accounting experts can raise and resolve many financial and legal issues related to corruption, bribery, money laundering, taxation and auditing. (Zalata et al., 2022) suggested directors that relevant financial knowledge has the potential to reduce earnings management behavior. The financial expertise of directors has increasingly attracted the attention of regulators, professionals and academics. Regulators can ensure that companies and auditors can meet new disclosure deadlines if policy is supplemented by recommendations or requirements companies to consider the accounting knowledge of their top management (Al-Ebel, 2020).

Accounting experts act as intermediaries between internal and external auditors, thereby reducing the number of agency conflicts within the company. The presence of such experts increases transparency and accountability and ultimately reduces inter-agency conflicts between management and stakeholders. A large board would increase the number of members with finance and accounting backgrounds, which could influence the discretionary disclosure decisions of managers and ultimately expand the level of corporate risk disclosure. In this regard, most of the rules or regulations require the presence of financial experts on the board of directors to strengthen the control function of the board of directors. On the other hand, some studies have shown that board expertise does not affect corporate information disclosure (Mahmud et al., 2021) (Umukoro, 2019).

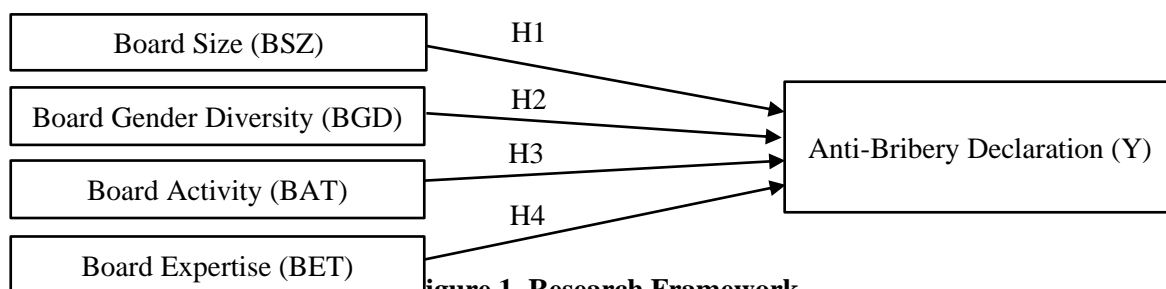


Figure 1. Research Framework

The hypotheses tested in this research are:

H1 : Board size has a positive and significant effect on anti-bribery declaration

H2 : Board gender diversity has a positive and significant effect on anti-bribery declaration

H3 : Board activity has a positive and significant effect on anti-bribery declaration

H4 : Board expertise has a positive and significant effect on anti-bribery declaration

METHOD

Operational Definition of Variables

Two types of variables exist in the study. Firstly, the dependent variable is the anti-bribery declaration as indicated by an active ISO 37001 certificate. The independent variables used in this study were board size, gender diversity, board activity, and board expertise. Board size to measure efficiency, coordination, communication and decision-making by looking at the size of the board. Board gender, men and women directors are deemed to play different roles in companies' decision-making. Board activity focuses on diligence of the board and the level of monitoring of the conduct of the company's operations, such as board meetings. Board expertise means education, expertise, experience and possession of certificates in accounting and/or finance.

Population and Samples

Content analysis has been carried out on the annual reports of 17 construction companies covering a 4-year time frame (2020 to 2023), thus a total observation of 68 company case. The total sampled companies were selected based on the purposive sampling approach. The criteria are that construction sector companies are registered on the IDX and report consecutive annual reports from 2020 to 2023. These dependent and independent variables of the study are gathered from the sampled companies' annual reports.

Data-analyzing technique

The data analysis technique used is the logistic regression test using the SPSS application to examine the possible relationships between board of directors characteristics and anti-bribery declaration. The use of the regression model was based on the predicted linear relationship for the two studied variables. Another advantage of the regression model is that it provides easily interpretable and understandable research results. This research and testing does not require normality tests and classical assumption tests on the independent variables. The logit estimation model is formulated as follows:

$$Ln_{1-ABD}^{ABD} = \alpha + \beta BSZ + \beta BGD + \beta BAT + \beta BET$$

Note :

Ln ABD = Dummy variable, 1 if company has an active ISO 37001 certificate at time t, 0 otherwise.

α = Constant

BSZ = Board size. The size of the board is measured by the number of board directors in the company.

BGD = Gender diversity. The gender diversity is measured by percentage of women directors on board.

BAT = Board activity. The activity of the board is measured by the number annual board meetings held in the company.

BET = Board expertise. The board expertise is measured by the percentage of board members with accounting and/or financial expertise.

RESULT

Descriptive statistics

This study employs 17 companies as samples with four years; therefore, 68 observations exist. Table 1 shows the analysis results based on minimum, maximum, mean and standard deviation. If the mean is greater than the standard deviation, it shows that the data is less varied. This happens with the variables board size, board activity and board expertise. Meanwhile, if the mean is smaller than the standard deviation, it shows that the data varies, this happens with the gender diversity variable. The minimum value of 0 for gender diversity is because there are companies do not have women directors, while the minimum value of 0 for board activity is because one company in 2020 did not disclose the number of meetings in its annual report.

Table 1. The descriptive statistics for variables.

Variable	N	Min	Max	Mean	Std. Dev.
Anti-bribery declaration	68	0	1	0.5000	.50372
Board size	68	2.00	10	5.2353	1.93258
Gender diversity	68	0	0.4	.1010	.13472
Board activity	68	0	97	25.1912	18.53456
Board expertise	68	0.11	1	.3236	.21926

Overall Fit Model Test

Likelihood (L) was transformed into -2LogL to test the null and alternative value hypotheses. Table 2 shows a decrease in value of -2 log likelihood. Initially 94,268 (block number 0) decreased to 55,565 (block number 1). This shows that this research model is a good regression model. Cox and Snell's R Square is difficult to interpret, so this is what encourages the use of Nagelkerke's R Square. The results show the variability of the dependent variable that can be explained by independent variability is 0.579 or 57.9% and the rest by other variables.

Table 2. Overall Fit Model Test

Iteration		-2 log likelihood	Coefficients
			Constant
Step 0	1	94.268	.000

Iteration		-2 log likelihood	Cox & Snell R Square	Nagelkerke R Square
Step 1	1	55.565	.434	.579

Omnibus Test

This hypothesis testing aims to determine whether independent variable influence dependent variable. Table 3 shows a significance value of 0.000, less than 0.05. It can be concluded that the variable characteristics of the board of directors simultaneously have a significant effect on anti-bribery declarations.

Table 3. Omnibus Test

		Chi-square	df	Sig.
Step 1	Step	38.704	4	0.000
	Block	38.704	4	0.000
	Model	38.704	4	0.000

Hypothesis Test

Table 4 shows that there are only three independent variables that have a significant value <0.5, namely board size, gender diversity, and board activity. Meanwhile, the board expertise variable is not significant because it has a significant value of >0.5, namely 0.928. It can be concluded that board size, gender diversity, and board activity have an influence on anti-bribery declarations.

Table 4. Hypothesis Test

Variables in the Equation					Results
		B	Exp(B)	Sig.	
Step 1	BSZ	.463	1.589	.096	Accept
	BGD	.090	1.094	.004	Accept
	BAT	-8.980	.000	.014	Accept
	BET	-.215	.806	.928	Reject
	Constant	-3.711	.024	.055	

Partially, of the four variables included in the regression model, it is known that two independent variables, namely board size and board activity, have a positive effect on anti-bribery

declaration. Meanwhile, the gender diversity variable has a negative effect on anti-bribery declaration. Based on the results of logistic regression testing, the following logistic regression model is obtained:

$$Ln_{1-ABD}^{ABD} = -3.711 + .463 BSZ + .090 BGD - 8.98 BAT - .215 BET$$

DISCUSSION

The Effect of Board Size on Anti-Bribery Declaration

The first hypothesis (H1) is accepted. Previous research by (Agyemang, 2020) found that companies with a larger board size helped to reduce the differences in information between managers and other stakeholders involved in the company. (Vitolla et al., 2020), it is easier for a larger board to perform supervisory functions because it includes managers with different skills and experience. So, we need to consider the size of the board and the skills and experience of the directors. Having board members with diverse knowledge and skills helps the company rely less on external factors (Previtali and Cerchiello, 2023). This study's findings don't match the studies by (Sekarlangit and Wardhani, 2021) (Khairiddine, 2020) which showed that having a large board of directors can make it hard for them to work well together, communicate, and make decisions. This means that it doesn't have much effect on how much information is disclosed.

Based on the agency theory, having a bigger board can be seen as a way to have more oversight and control. This, in turn, encourages a proactive stance against bribery and its disclosure. Different skills help us understand many different ways that corruption can happen. Having a lot of knowledge helps us respond quickly to changes in laws and regulations. Greater awareness and extensive social connections enable proactive adaptation to the global situation. Our findings can help companies and government to do better at stopping bribery. Businesses are starting to pay more attention to ESG goals, and making a commitment to not engage in bribery can really help make progress towards these goals. In the same way, the people on the board of directors can be very helpful in supporting the company's efforts to prevent bribery.

The Effect of Board Gender Diversity on Anti-Bribery Declaration

The second hypothesis (H2) is accepted. The mean of board gender diversity is recorded as 0.10 and ranges from 0 to 0.40, indicating that Indonesian construction company boards are dominated by men. This means that there are fewer women on company boards. (Issa, 2022) also stated that most people in the Arabian Gulf countries are men. Different researchers found different results. (Al-Okaily, 2024) (Khairiddine, 2020) advised that women need to be careful about what they disclose in order to get support from powerful stakeholders. (Vitolla, et al., 2020) found that women play a big role in helping the board make decisions and keeping track of things. These results contrast with (Sekarlangit and Wardhani, 2021), which showed that disclosure level was not affected in a significant way.

Women directors have less power to make decisions in companies than male directors. In this case, having an equal number of men and women on the company's board makes management more fair for everyone. Therefore, it's not proven that having a mix of men and women board members makes executives feel more pressure to follow good business practices and to attract resources from powerful stakeholders and improve the ability of the corporate board to more effectively monitor management activities. As a result, it doesn't always lead to more companies being open about not taking bribes. The role of women as colleagues is the dominant force in eradicating corruption. When we look at how men and women are involved in fighting corruption, we see that women don't just stop corruption in their families. They can also help stop corruption at work. Women can start a transparency campaign in all areas.

The Effect of Board Activity on Anti-Bribery Declaration

The third hypothesis (H3) result is significantly negative. More accounting information is shared when there are fewer board meetings. (Fahad and Rahman, 2020) found that the board only

makes decisions, does not participate in the most important stage, such as practical operations. Board meetings should affect important decisions about the direction of the company, this can happen if most board members attend the meeting. In addition, having lots of meetings could not describe the in-depth discussions related to anti-corruption were on the agenda of the meeting. Presumably, this might be because the board of directors' meetings could talk about things that don't have to do with anti-bribery.

Different researchers found different results. (Agyemang, 2020) argued that the fewer board meetings, the lower the quality of accounting information. Usually, if the board holds more meetings, the more open the disclosure of information. (Khairiddine, 2020) showed that having more meetings can help to reduce possible information asymmetry problems. A board that holds more frequent meetings will increase the monitoring and control tasks given to the board more effectively. As a result, companies will want to share more about their ethics and values in order to be seen as trustworthy. (Ghazwani et al., 2023) explained that the regularity of engagement enables a quick response to changing problems and opportunities, which ultimately improves management efficiency and organizational adaptability. (Sekarlangit and Wardhani, 2021) found that having a lot of board meetings doesn't necessarily lead to better strategic decision-making.

The Effect of Board Expertise on Anti-Bribery Declaration

The fourth hypothesis (H4) is rejected. (Mahmud et al., 2021) found that having financial experts on the board doesn't really help with making decisions about corporate social responsibility. The results of this study showed that board with accounting and financial knowledge pay more attention to financial information than anti-bribery information. This is because the financial experts are more focused on making the company profit, which takes attention away from being socially responsible include corruption.

Directors have appropriate monitoring incentives and a better understanding of the results of financial reporting decisions. If the directors have experience in finance and accounting, they can handle the complicated financial reports, understand the decisions made in financial reporting, understand the auditors' decisions, help in disagreements between auditors and management, and understand the risks involved in bribery. It's important for countries to work together to understand how the world's financial instability and uncertainty will impact the expertise of board of directors in finance and accounting. Directors who have more education, especially in finance and accounting, are better at meeting the needs of shareholders for accountability and transparency.

CONCLUSION

This study suggests that Indonesian construction companies consider increasing the size of their board of directors and increasing the number of board directors because they help improve corporate disclosure. Companies should think about having women on their board because women are less likely to take risks, especially when it comes to making financial decisions. Women are better at doing the right thing in their jobs and are less likely to do something wrong just to make money. Board of directors meetings need to discuss more specific topics, for example anti-bribery policies, to avoid the risk of the company participating in bribery practices. This study shows expertise of the board does not significantly affect the anti-bribery declaration. Company should consider having a board with financial and accounting expertise because can reduce information asymmetry and increase management accountability.

The results of this study may be valuable to various stakeholders, policy makers, and regulatory. They are interested in improving compliance initiatives to reduce agency costs and increase corporate transparency. It suggests that consideration be given to adopting a generally accepted non-financial reporting framework to increase transparency and accountability.

This study has some limitations that could be fixed in future studies. Our sample size is not very big, so it would be interesting to make it larger and include all the Indonesian companies that are listed, and also study the ones that are not listed. Future research could include both external and

internal control mechanisms. In addition, we recommend looking at other board qualities like ethnicity, age, experience and tenure. To understand how much financial knowledge is needed and if having accounting expertise matters, future studies should be more detailed.

REFERENCE

- Agyemang, A. O., Yusheng, K., Ayamba, E. C., Twum, A. K., Chengpeng, Z., & Shaibu, A. (2020). Impact of board characteristics on environmental disclosures for listed mining companies in China. *Environmental Science and Pollution Research*, 27(17), 21188–21201. <https://doi.org/10.1007/s11356-020-08599-2>
- Al-Dubai, S. A. A., & Alotaibi, K. O. (2023). Examining the relationship between board characteristics and financial risk disclosure: A longitudinal analysis based on agency theory. *Corporate Governance and Organizational Behavior Review*, 7(4), 137–151. <https://doi.org/10.22495/cgobrv7i4p12>
- Al-Ebel, A., Baatwah, S., & Al-Musali, M. (2020). Religiosity, accounting expertise, and audit report lag: Empirical evidence from the individual level. *Cogent Business & Management*, 7(1), 1823587. <https://doi.org/10.1080/23311975.2020.1823587>
- Al-Okaily, J. (2024). Family control and corporate anti corruption disclosures: the moderating effect of female directors. *Meditari Accountancy Research*, 32(2), 424–451. <https://doi.org/10.1108/MEDAR-01-2022-1573>
- Alrawazqee, A. S., & Tsatkhlanova, T. (2021). Improve Performance or Corruption Motivation in Beyond Budget Implementation, Survey in Public Sector Organizations. (2021). *Research Journal of Finance and Accounting*, 12(6). <https://doi.org/10.7176/rjfa/12-6-04>
- Carrillo, M. I. A., De La Cruz, A. M. P., & Chicharro, M. N. (2019). The Impact of Corporate Governance on Corruption Disclosure in European Listed Firms through the Implementation of Directive 2014/95/EU. *Sustainability*, 11(22), 6479. <https://doi.org/10.3390/su11226479>
- Chen, C., Pinar, M., & Stengos, T. (2024). Bribery, regulation and firm performance: evidence from a threshold model. *Empirical Economics*, 66(1), 405–430. <https://doi.org/10.1007/s00181-023-02456-0>
- Fahad, P., & Rahman, P. M. (2020). Impact of corporate governance on CSR disclosure. *International Journal of Disclosure and Governance*, 17(2–3), 155–167. <https://doi.org/10.1057/s41310-020-00082-1>
- Faisal, F., Joseph, C., Saputri, A., & Prastiwi, A. (2022). The content and determinants of CSR anti-corruption disclosure: the case of public-listed companies in Indonesia. *Journal of Financial Crime*, 29(3), 890–907. <https://doi.org/10.1108/JFC-07-2021-0155>
- Gerged, A. M. (2021). Factors affecting corporate environmental disclosure in emerging markets: The role of corporate governance structures. *Business Strategy and the Environment*, 30(1), 609–629. <https://doi.org/10.1002/bse.2642>
- Ghazwani, M., Alamir, I., Salem, R. I. A., & Sawan, N. (2023). Anti-corruption disclosure and corporate governance mechanisms: insights from FTSE 100. *International Journal of Accounting and Information Management*, 32(2), 279–307. <https://doi.org/10.1108/IJAIM-08-2023-0211>
- Grum, B., & Grum, D. K. (2020). Concepts of social sustainability based on social infrastructure and quality of life. *Facilities*, 38(11/12), 783–800. <https://doi.org/10.1108/F-04-2020-0042>
- Islam, M. A., Cooper, B. J., Haque, S., & Jones, M. J. (2022). Moral versus pragmatic legitimacy and corporate anti-bribery disclosure: evidence from Australia. *Accounting Forum*, 46(1), 30–56. <https://doi.org/10.1080/01559982.2021.1925037>
- Issa, A., Zaid, M. A. A., Hanaysha, J. R., & Gull, A. A. (2022). An examination of board diversity and corporate social responsibility disclosure: evidence from banking sector in the Arabian Gulf countries. *International Journal of Accounting & Information Management*, 30(1), 22–46. <https://doi.org/10.1108/IJAIM-07-2021-0137>
- Jaggi, B., Allini, A., Ginesti, G., & Macchioni, R. (2021). Determinants of corporate corruption disclosures: evidence based on EU listed firms. *Meditari Accountancy Research*, 29(1), 21–38. <https://doi.org/10.1108/MEDAR-11-2019-0616>

- Jagodzińska, N., Systemy, B., & Gdańsk, Z. (2021). ISO 37001 System As A Tool to Meet Anti-Corruption Requirements In The Small and Medium-Sized Enterprise Sector. *Scientific Papers of Silesian University of Technology – Organization and Management Series*, 154, 43-53. <https://doi.org/10.29119/1641-3466.2021.154.4>
- Khaireddine, H., Salhi, B., Aljabr, J., & Jarboui, A. (2020). Impact of board characteristics on governance, environmental and ethical disclosure. *Society and Business Review*, 15(3), 273–295. <https://doi.org/10.1108/SBR-05-2019-0067>
- Komisi Pemberantasan Korupsi, “Statistik Tindak Pidana Korupsi Berdasarkan Jenis Perkara 2004-2023”, available at: <https://www.kpk.go.id/id/statistik/penindakan/tpk-berdasarkan-jenis-perkara> (accessed 20 May 2024).
- Makhdalena, M., Zulvina, D., & Zulvina, Y. (2021). Anti-Bribery Disclosure Trends Among Mining Sector Stocks Listed on the Indonesia Stock Exchange. *Indonesian Journal of Sustainability Accounting and Management*, 5(2), 279-290. <https://doi.org/10.28992/ijsam.v5i2.346>
- Mahmud, N. M., Mohamed, I. S., Arshad, R., & Reskino. (2021). Board Characteristics and Disclosure of Corporate Anti-Corruption Policies. *Management & Accounting Review*, 20(2), 209-229. <https://ir.uitm.edu.my/id/eprint/6117>
- Masud, Bae, Manzanares, & Kim. (2019). Board Directors’ Expertise and Corporate Corruption Disclosure: The Moderating Role of Political Connections. *Sustainability*, 11(16), 1-22. <https://doi.org/10.3390/su11164491>
- Mazumder, M. M. M. (2024). A longitudinal examination of anti-corruption disclosure in the banking sector of a least-developed economy: does board composition make a difference? *Asian Review of Accounting*. <https://doi.org/10.1108/ARA-12-2023-0351>
- Naheed, R., AlHares, A., Shahab, Y., & Naheed, R. (2021). Board’s financial expertise and corporate social responsibility disclosure in China. *Corporate Governance: The International Journal of Business in Society*, 21(4), 716–736. <https://doi.org/10.1108/CG-08-2020-0329>
- Nicola, A. (2023). Corruption Risk Assessment of Infrastructure Projects in Indonesia. *Transparency International Indonesia*, 1-152.
- Nobanee, H., & Ellili, N. (2020). Anti-bribery information: Extent and impact on banking performance of UAE Islamic and conventional banks. *Journal of Financial Crime*, 27(2), 683–695. <https://doi.org/10.1108/JFC-11-2019-0144>
- Novita, D., Tasya, R., & Purwati, D. (2023). Role of Ombudsman Republic Indonesia as an Institution of Public Service Implementation Supervisory for Disability. *KnE Social Sciences*, 8(5), 645-664. <https://doi.org/10.18502/kss.v8i5.13031>
- Owusu, E. K., Chan, A. P. C., & Shan, M. (2019). Causal Factors of Corruption in Construction Project Management: An Overview. *Science and Engineering Ethics*, 25(1). Springer Netherlands. <https://doi.org/10.1007/s11948-017-0002-4>
- Previtali, P., & Cerchiello, P. (2023). Corporate governance and anti-corruption disclosure. *Corporate Governance*, 23(6), 1217–1232. <https://doi.org/10.1108/CG-06-2022-0275>
- Putri, K. T., Pratama, N. R., & Dachyar, M. (2022). The Implementation of Anti-Bribery Management System Designed to Mitigate the Bribery Risk in State-Owned Enterprises: A Case Study of the Indonesia Agribusiness Industry. *IEOM Society International*, 3026-3034. <https://doi.org/10.46254/AU01.20220610>
- Rouf, Md. A., & Hossan, Md. A. (2021). The effects of board size and board composition on CSR disclosure: a study of banking sectors in Bangladesh. *International Journal of Ethics and Systems*, 37(1), 105–121. <https://doi.org/10.1108/IJOES-06-2020-0079>
- Salama, N., & Chikudate, N. (2023). Unpacking the lived experiences of corporate bribery: a phenomenological analysis of the common sense in the Indonesian business world. *Social Responsibility Journal*, 19(3), 446–459. <https://doi.org/10.1108/SRJ-06-2021-0232>
- Salim, W., & Negara, S. D. (2018). Infrastructure Development under the Jokowi Administration: Progress, Challenges and Policies. *Journal of Southeast Asian Economies*, 35(3), 386-401. <https://doi.org/10.2307/26545320>
- Sekarlangit, L. D., & Wardhani, R. (2021). The Effect of the Characteristics and Activities of the Board of Directors on Sustainable Development Goal (SDG) Disclosures: Empirical

- Evidence from Southeast Asia. *Sustainability*, 13(14), 8007. <https://doi.org/10.3390/su13148007>
- Susmayanti, R., & Zain, M. N. R. (2021). Un-supporting Regulations for the Implementation of ISO 37001:2016 in the Indonesian Parliament. *Eureka Publications*, 91-109. <https://doi.org/10.52416/eureka.2021.1.1.p01-312>
- Teichmann, F. M. J. (2019). An agency theory approach towards bribery. *Journal of Financial Regulation and Compliance*, 27(2), 160–168. <https://doi.org/10.1108/JFRC-03-2018-0041>
- Tejedo-Romero, F., Rodrigues, L. L., & Craig, R. (2017). Women directors and disclosure of intellectual capital information. *European Research on Management and Business Economics*, 23(3), 123–131. <https://doi.org/10.1016/j.iedeem.2017.06.003>
- Transparency International (2019), “Corruption perceptions index 2019”, available at: <https://www.transparency.org/cpi/2019> (accessed 20 May 2024).
- Transparency International (2020), “Corruption perceptions index 2020”, available at: <https://www.transparency.org/cpi/2020> (accessed 20 May 2024).
- Transparency International (2021), “Corruption perceptions index 2021”, available at: <https://www.transparency.org/cpi/2021> (accessed 20 May 2024).
- Transparency International (2022), “Corruption perceptions index 2022”, available at: <https://www.transparency.org/cpi/2022> (accessed 20 May 2024).
- Transparency International (2023), “Corruption perceptions index 2023”, available at: <https://www.transparency.org/cpi/2023> (accessed 20 May 2024).
- Umukoro, O. E., Uwuigbe, O. R., Uwuigbe, U., Adegboye, A., Ajetunmobi, O., & Nwaze, C. (2019). Board Expertise and Sustainability Reporting in Listed Banks in Nigeria. *IOP Conference Series: Earth and Environmental Science*, 331(1), 012048. <https://doi.org/10.1088/1755-1315/331/1/012048>
- Vitolla, F., Raimo, N., & Rubino, M. (2020). Board characteristics and integrated reporting quality: an agency theory perspective. *Corporate Social Responsibility and Environmental Management*, 27(2), 1152–1163. <https://doi.org/10.1002/csr.1879>
- Williams, C. C., Martinez-Perez, A., & Kedir, A. (2016). Does bribery have a negative impact on firm performance? A firm-level analysis across 132 developing countries. *International Journal of Entrepreneurial Behaviour and Research*, 22(3), 398–415. <https://doi.org/10.1108/IJEER-01-2016-0002>
- Yusoff, H., Jamal, A. D. A., & Darus, F. (2016). Corporate Governance and Corporate Social Responsibility Disclosures: An Emphasis on the CSR Key Dimensions. *Journal of Accounting and Auditing: Research & Practice*, 1-14. <https://doi.org/10.5171/2016.476550>
- Zalata, A. M., Ntim, C. G., Alsohagy, M. H., & Malagila, J. (2022). Gender diversity and earnings management: the case of female directors with financial background. *Review of Quantitative Finance and Accounting*, 58(1), 101–136. <https://doi.org/10.1007/s11156-021-00991-4>